

The Public Sector Accountants' Perspective on Sustainability

Dr Belinda Williams
School of Accounting and Corporate Governance
University of Tasmania, Australia
belinda.williams@utas.edu.au
Ph 03 63243661

Abstract

Purpose

This paper focuses on the accountants' perspective towards sustainable development and sustainability reporting in local government authorities, and their current and future role in the reporting process.

Design/Methodology/Approach

A multi-method approach was employed to collect data utilizing both mail survey and interview techniques.

Findings

Findings indicate that whilst local authorities are perceived to consider sustainable development important at the organisational level, there is reduced emphasis being placed on the integration of sustainable development activities into the accounting processes and reporting functions of the organisation. Accountants are supportive of involvement in sustainability reporting but their actual involvement differs significantly from the level of involvement they believe they should have. This points to the need for further up skilling required by accountants but in doing so, it brings into question accountants traditional training and the need to develop an appreciation of the sustainable development agenda.

Research Limitations/Implications

The paper enhances understanding of the accountant's perception towards sustainability reporting practices within the public sector, with particular focus on local government.

Originality/Value

This is an exploratory study examining an area of accounting in local government which there are few others. It seeks to contribute to the literature by exploring and examining the accountant's perception towards sustainable development and sustainability reporting and their current and future prospects in the reporting process in the local government sector in Australia.

Keywords

Accountant, sustainability reporting, public sector, local government

Classification

Research paper

1. Introduction

Sustainability reporting has emerged as one of the key voluntary reporting mechanisms of an organisations social and environmental performance (Hubbard 2009). Whilst there are various thoughts on the role of sustainability reporting towards its contribution with regard to sustainable development, it is generally accepted in the research literature that accounting is a key process in the advancement towards sustainability (Guthrie *et al.*, 2010; Ball and Bebbington, 2008). Further, there is evidence that the reporting on sustainability provides a mechanism for organisations to make sense of who they are, what they are seeking to achieve and motivate future actions (Bebbington *et al.*, 2008)

Whilst attention to sustainability accounting and reporting has largely been directed at the private corporate sector, in comparison, less focus has been directed at the public sector (Burritt *et al.*, 2009b, Ball 2004, 2005a). As was highlighted by Guthrie *et al.* (2010), the potential value that social and environmental researchers might derive in turning their attention to public and not for profit sector's social, environmental or sustainability accounting practice has been largely overstated (Ball and Guthrie, 2007; Farneti and Guthrie, 2009; Owen, 2008).

This paper focuses from a public sector perspective on the accountant in terms of their role in sustainability accounting. Gaining an understanding of the current role of accountants can only help to enhance an understanding of the potential and important position accountants can play in sustainability accounting within the public sector.

Specifically, the study explores, from a local government perspective three important and timely issues surrounding sustainability reporting and the accountant's role. Firstly, the importance of sustainable development and sustainability to the accountant is explored. Then the current role that local government accountants fulfill and the role that they believe they should fill in reporting on sustainability is examined. This is followed by a focus on the type of skills and knowledge that need to be further developed in local government accountants in an effort to raise their capacity to contribute to the future of sustainability reporting.

To date, most prior studies on sustainability reporting in local government studies have focused on what is being reported or why local authorities are reporting. This study extends the literature by exploring the accountant's current perspective and role in sustainability reporting and the future of accountants in this developing area. Research discussed in this paper responds to the call by Ball and Grubnic (2007) to 'make contributions of a fundamental nature, which help in understanding the nature of sustainable development accounting and accountability in PSOs (public sector organisations)' (p. 257). It provides a contribution towards an understanding of the current thinking of accountants towards sustainability reporting and by doing so, highlights opportunities that are available for both the university sector and the accounting profession to be more involved in this growth area.

The paper has been structured as follows: sections 2 and 3 provide an insight into the sustainability reporting literature and the role of the accountant in local government, respectively. Section 4 discusses the research method applied with section 5 providing the results of the analysis and the main findings of the study. Section 6 summarises the discussion and provides conclusions, suggesting areas for future research.

2. Sustainability reporting in local government

The private sector has led the development of the sustainability reporting agenda with indications pointing to that this form of reporting is now challenging business mainstream (KPMG, 2008; Epstein, 2008). In comparison, though, the public sector has lagged behind, with Ball (2004, p. 3) describing the up-take of sustainability reporting within the public sector as ‘seemingly patchy’ whilst both Tort (2010) and Dickinson *et al.* (2005) describing it as an emerging field with approaches having been somewhat ad hoc. In a review of public and third sector sustainability reporting from the perspective of the Global Reporting Initiative (GRI), Dumay *et al.* (2010) found that there is a current lack of implementation of sustainability reporting in both public and third sectors. However, as was argued by Guthrie *et al.* (2010), sustainability is a master concept within contemporary organisations and should be central to the public services. With the public sector accounting for approximately 40% of all economic activity (Ball and Grubnic, 2007), there is much potential in its further development towards a sustainable development agenda (Ball and Seal, 2005). Birney *et al.* (2010) was perhaps somewhat more direct in stating that should the public sector fail to develop sustainability, then future generation will not have the opportunity for a sustainable lifestyle (p.3):

Public sector organisations are central to the delivery of sustainable development. Every aspect of their role – from education to environmental services, and from planning to social care – shapes how people live their lives. If public sector bodies do not take on this leadership challenge, citizens may find themselves cut off from sustainable lifestyles.

Research that has been conducted within the Australian public sector context include that of Gibson and Guthrie (1995), Burritt and Welch (1997), Frost and Seamer (2002), Frost and Toh (1998a and b), Lynch (2010) and Lodhia *et al.* (2012) who specifically focused on environmental reporting disclosures and procedures in Commonwealth and/or State departments and agencies. In regards to the local government sector, Ball (2004) viewed this sector as being one of the potential major players in the effort towards sustainable development. With their close established links to the community, they can offer social, environmental and community services capable of addressing different dimensions of the sustainable development agenda (Ball and Craig 2010). However, research into sustainability reporting within the local government sector is very much in its infancy.

In regards to the local government sector, there has been research focus on the key motivating factors in explaining the development of sustainability reporting. Such studies include Farneti and Guthrie (2009) who in conducting semi-structured interviews with seven Australian public sector organisations, found that sustainability reporting was motivated by a need to inform stakeholders, but mainly internal stakeholders. Whilst Sciulli (2011) found that the management of population growth, planning for land use and community engagement were all important factors in helping to provide explanations towards sustainability disclosures in Australian local councils. Kaur and Lodhia (2011) concurred with this viewpoint in finding that stakeholder engagement is an essential component in the development of sustainability reporting in local authorities.

Research that has focused on international comparisons include that of Burritt *et al.* (2009b) who examined sustainability accounting comparisons between Japan and Australia. They found a more concentrated focus on environmental accounting in Japanese local governments with a broader focus in Australian local authorities. Greco *et al.* (forthcoming) focused on providing insights into the sustainability disclosure practices among a group of local councils operating in Italy and Australia. Findings suggest that councils are left to their own discretion

on what to report with differences in reporting arising from cultural dimensions, such as 'power distance' and 'uncertainty avoidance'.

Other studies have focused on examining environmental accounting in local government as a model of change (Ball, 2004, 2005, 2007) whilst others have examined types and patterns of sustainability disclosures. Such studies include Guthrie and Farneti (2008), Herbohn and Griifiths (2008) and Sciulli (2009) and Dickenson *et al.* (2005) with the general consensus being disclosure levels are low with sustainability reporting in local government clearly in its infancy.

In a recent study, Williams *et al.* (2011) in conducting a mail survey study of all local authorities in Australia, concluded that local governments are reporting on sustainability, with 50% of respondents indicating that they reported on at least one aspect of sustainability reporting. Further, almost 40% of those respondents that do not currently report on sustainability indicated that they were extremely likely to report in the future. These results suggest that sustainability reporting in the local government sector in Australia is on the increase and is an issue in which accountants can play a key role towards its development and expansion.

3. The accountant in local government

There have been numerous studies that have examined the role of the accountant from a private sector perspective in environmental accounting (see, for example, Bebbington *et al.*, 1994, Gray *et al.*, 1995, Deegan, *et al.*, 1995, Wilmshurst and Frost, 2001, Edwards *et al.*, 1999; Lodhia, 2003) with findings generally indicating that accountants are not being involved as they could be in the environmental accounting practices of their respective organisations.

Studies focusing upon the role of the accountant from a local government sector perspective are limited. Research that has been conducted has found that accountants are being utilised in limited ways in the sustainability reporting process. Such studies include Ball (2002) who conducted research into a UK county council examining sustainability accounting using case-study approach. The council's accountants were broadly supportive of sustainability reporting but believed that this type of reporting should not involve accountants and should be kept separate from financial accounting. The accountant's role in the sustainability reporting process was found to be little more than a financial costing role and was considered by Ball (2005) to be of no challenge to the traditional role of the accountant. The council's accountants saw that sustainability accounting had first to fit within the financial accounting framework for them to report on it. In a further case-study examining two contrasting UK local government authorities, Ball and Seal (2005) concluded that accountants involvement in the social accounting agenda is being constrained in terms of the way they think of their functional roles and existing routines. In terms of utilizing accountants to mobilize the social accounting agenda, it was considered '*we find it difficult to conceive of accountants going much further with social accounting*' (p. 469).

Telford (2005), in analyzing the results of a UK national survey that examined environmental management in local authorities, found that accountants are often not involved in their organisations' environmental reporting. Only 32% of responding authorities reported finance department's involvement in providing information for environmental decision making purposes whilst only 10% were involved in producing environment-related reporting information. Telford considered that accountants were not yet as involved as they should be,

but regarded it as important that they become more involved in future if further progress is to be made.

Farneti and Guthrie (2009) in interviewing officers of seven public sector found that the environmental units within the organisations most frequently prepared the sustainability reports with not one of the interviewee organisations indicating that finance or accounting was involved in matters associated with sustainability reporting. No explanation was provided by the interviewees as to why this was the case. Similar findings were found in Herbohn and Griffiths (2008) in interviewing three Queensland local authorities that were engaging in sustainability reporting activities through the use of sustainability reporting teams with none of the members having any accounting background. This is interesting in light of the fact that two of the local authorities included within their sustainability reporting teams, staff from their corporate/financial services departments.

Tarrant (2008) considers that the role of finance professionals and accountants will become pivotal as organisations move increasingly to take up sustainability reporting. Guthrie *et al.* (2010) concurred with this viewpoint in considering accounting and accountability as key processes in the advancement of sustainability within the public services. However, prior research has indicated that local government accountants have a minimal level of involvement in the preparation of sustainability reports. If accountants are considered to be a future key player in the sustainability reporting agenda, it is perhaps timely to focus on gaining an understanding of the accountant's current perspective towards this agenda. In doing so, three research questions were developed to investigate this issue:

1. How important is sustainable development and sustainability to the local government accountant?
2. What role do local government accountants currently fulfill and what role do they believe they should they fulfill in reporting on sustainability?
3. Which skills need to be further developed for local government accountants to raise their capacity to contribute to the future of sustainability reporting?

4. Research Method

Whilst previous research in this area of accounting has traditionally concentrated on content analysis (Guthrie & Abeysekara, 2006; Milne & Adler, 1999; Owen, 2008) and literature/theoretical historical commentaries (Parker, 2005, 2011), this paper was conducted via a mixed method research approach. In doing so, it allowed for a broad analysis across a wide geographical area to be conducted initially through mail survey technique followed by semi-structured interview techniques. Owen (2008) argued that in a public sector context, there is a need for researchers to connect with the experiences of social movements on the inside of organisations whilst Ball *et al.* (2012) argued for more 'engaged research' by accounting academics in the public sector. In utilising the mixed method approach adopted in this research study, it allowed for a deeper understanding of the issues surrounding the accountant's perceptive towards sustainability reporting to be explored through a process of engagement with local government authorities.

With this research specifically focused on obtaining the accountants viewpoint of sustainability reporting, the mail survey instrument was forwarded to the Director of Financial Services (or similar) of local government organisations. The mail survey was forwarded to all local authorities in the states of New South Wales, Queensland, Tasmania and Victoria¹, providing for a sample size of 313 local authorities.

Prior to the survey instrument being sent out, a two step pilot-testing phase was conducted. The first stage involved the pre-testing of the mail survey by two colleagues within the School of Accounting and Corporate Governance. The purpose of this stage was to ensure that any obvious problems such as formatting or readability of the questions were identified and required revisions or amendments were made before the formal pilot-test. Five questions were identified as requiring amendment to allow for clearer expression. The second stage, being the formal pilot-test, involved a random sample of 20 local government authorities. A letter of introduction and the survey document was forwarded to the Director of Financial Services (or their equivalents) of each pilot study participant organisation. The resultant pilot-test results, (10% response rate) were then examined with no major changes made to the survey document.

The survey document consisted of 26 questionsⁱⁱ. Apart from personal and organisational data, the questions were separated into four main sections and explored: (1) the importance of sustainable development and sustainability reporting; (2) the accountants role in sustainability reporting; (3) skills and knowledge development in accountants to ensure their involvement in sustainability reporting in the future; and (4) the future of sustainability reporting in local authorities. This paper focuses on the results from the first three sections of the mail survey document.

The survey was sent by SurveyMonkey in December 2011 to local government authorities with two subsequent re-sendings with a space of approximately three weeks between each. To ensure a frame of reference for respondents, the survey document incorporated a definition of sustainable development which, for the purposes of this research, was adapted from Pearce and Warfords (1993) definition and applied to the local government level as follows.

Activities undertaken at the local community level which seek to maintain, integrate and improve environmental protection, social equity and economic/financial growth within the community.

Included in the survey information forwarded to potential respondents was a covering letter explaining the purpose of the research project and a guarantee of confidentiality to encourage participants to complete and return the survey. To encourage participation, participants were offered a summary of the results when completed and the option of participating further in a small number of interviews that would investigate in greater depth the role of accountants in sustainability reporting and seek to focus on any issues identified from the mail survey. To ensure anonymity, participants were asked to email the researcher independently at the conclusion of the survey if they wished to obtain a copy of the results on completion of the study or if they would like to further participate in the study through the interview process.

From this process, four mail survey respondents indicated they were willing to be involved in the interview stage of this study. A pilot-testing process of the interview questions was undertaken prior to the interview process commencing. This involved the pre-testing of the interview questions by two colleagues within the School of Accounting and Corporate Governance at the University of Tasmania, with no major changes identified.

All interviews were tape-recorded and then transcribed from the tapes by an independent person. The transcripts were then checked against the tapes and then forwarded to the interviewees to ensure that they agreed that the transcripts were a true and accurate record. This ensured that the original data was preserved and the tape recordings could be checked for accuracy before being forwarded to the interviewees to ensure that they agreed that the transcripts were a true and accurate record. Interview transcripts were analysed via a manual

process of developing a catalogue of concepts for the analysis after a process of detailed reading of the transcripts. From this initial listing, a coding scheme was then developed based on these categories, using a similar process by Schmidt (2004) from which the interviews were subsequently coded.

5. Results

Descriptive Results

The survey document was sent out to a total of 293 potential respondent authorities. Nineteen surveys were returned due to incorrect email addresses, providing a net sample of 294. A total of 93 surveys were returned. One survey was removed due to providing incomplete data providing an overall response rate of 33.58%. Most surveys were completed by senior officers within the local government authority. Of the total responses, 80.40% of the surveys were completed by the Manager/Director of Financial Services/Corporate Services and 15.2% were completed by junior accountants.

With the survey targeting the director of financial services, testing was conducted to determine whether the responses from this group were significantly different from the other respondent groups. Using two-sample t-tests, no significant difference was found for questions relating to the importance of sustainable development, integration of sustainable development and the involvement of accountants in the sustainability reporting process. Further testing was conducted to test for reliability and non-response bias with results indicating consistency, thereby highlighting the quality of the data collected.

In focusing on the respondents academic and professional qualifications, over 90% of respondents indicated that they held a bachelor degree or higher with 65% of respondents a current member of at least one of the three professional accounting bodies within Australia (CPA, ICAA and IPA). A further 10% of respondents indicated that they were a member of other professional bodies such as CIMA, their respective states' Local Government Finance Professionals Association and/or the Local Governments Managers Australia Association.

Of the respondents, the highest number of responses were received from New South Wales (41.3%), followed by Victoria (30.4%), Queensland (17.4%) and Tasmania (10.9%). However, in comparing the number of respondents to total number of local authorities in each state, results highlighted that the greatest proportion of respondents were from Tasmania (40%) and Victoria (39.4%), followed by New South Wales (27.8%) and Queensland (26.7%). The higher proportion of responses from Tasmanian local authorities may possibly be explained by higher interest in the research itself with the mail survey instrument originating in Tasmania.

Four semi-structured interviews were conducted during the months of May/June 2012 with interview respondents. All four interviewees were in the role of Finance Manager in their respective authority with two situated in Victoria, one in Tasmania and one in Queenslandⁱⁱⁱ. Interviews were conducted face-to-face at each respective local authority's premises with the exception of one, due to budget constraints of the research project. As such, a telephone interview was arranged and was subsequently conducted. Interviews varied in length between 40 and 60 minutes in duration.

The results focus on a number of areas being the importance of sustainable development and sustainability reporting; the accountant's current role in sustainability reporting and into the future; and the skill-sets required to be further developed in accountants to ensure their future role in the sustainability reporting agenda.

The Importance of Sustainable Development and Sustainability Reporting

To help determine and achieve an understanding of the perceived importance of sustainable development and sustainability reporting, mail survey respondents were asked to consider a number of statements and determine the importance of each. In doing so, respondents were asked to indicate the perceived importance of sustainable development from three different viewpoints – being their local authorities, themselves professionally and themselves personally (using a five-point scaled response from very unimportant to very important).

Results indicate (Table 1a) that respondents perceived that their local authority regarded sustainable development as more important than themselves professionally or personally, with 87.3% of respondents indicating that the concept of sustainable development was regarded as important or very important by their local authorities. The next most regarded important viewpoint of sustainable development was mail survey respondents personally (78.5%) and then in their professional working role (75%). In conducting the interviews, interviewees generally agreed with these results, but highlighted shortcomings as follows:

Council would argue that they hold it (sustainable development) out as very important but when push comes to shove, I'm not really sure that they do. They hold it out as being important ... but their actions probably speak a little differently. (LA 1)

One interviewee sought to explain why sustainable development was considered of a lesser importance at the accountant level:

Councils are quite diverse organisations with many schools of thought and many different skills from which we are qualified. You have people who have degrees in sustainability and planning and things of that nature, and then you have accountants who are more focused on financial sustainability, I guess rather than environmental sustainability and in their personal lives they probably find that they're not as passionate as some of the other people here at this council. But it's not to say we don't care about sustainability, but possibly the pendulum for us hasn't swung as far as it has for others. As a consequence, we tend to be a little bit more conservative in our thinking I guess. (LA 3)

Table 1
Mail Survey Response: Sustainable Development and Sustainability Reporting

| | % Unimportant or Very Unimportant | % Important or Very Important | Mean | Std Dev. |
|---|--|--------------------------------------|-------------|-----------------|
| <i>1a) Importance of sustainable development</i> | | | | |
| To your local authority | 7.6% | 87.3% | 4.06 | 1.00 |
| To you professionally in your working role | 10.1% | 75.0% | 3.80 | 1.03 |
| To you personally | 10.1% | 78.5% | 3.86 | 1.03 |
| | | | | |
| <i>1b) Importance that sustainable development activities be incorporated into the accounting processes</i> | | | | |
| From the viewpoint of your local authority | 7.6% | 58.4% | 3.77 | .933 |
| From the viewpoint of you personally | 8.9% | 79.6% | 3.84 | .883 |
| | | | | |
| <i>1c) Importance that sustainability reporting be incorporated into the accounting processes</i> | | | | |
| From the viewpoint of your local authority | 8.9% | 67.1% | 3.78 | .872 |
| From the viewpoint of you personally | 7.6% | 70.9% | 3.84 | .838 |

To gain an understanding of the importance of the practical implications of this perception, respondents were asked to indicate their perception on how integrated the concepts of sustainable development were into three different levels– being, into the activities of their organisation, into the everyday activities of the respondents working role and into the everyday activities of the respondent on a personal level (using a four-point scaled response from not at all integrated to very integrated). Respondents indicated that they consider sustainable development is most integrated into the everyday activities at the local authority organisational level (74.7%) with least integration at both the respondents working role and on a personal level (55.7% respectively).

This issue was then further expanded with respondents asked to consider the importance of sustainable development from an accounting process role, thus specifically focusing on their role within the organisation (using a five-point scaled response from very unimportant to very important - Table 1b). Results indicated that whilst the concept of sustainable development may be perceived as being highly regarded by the local authority and integrated into the activities of the organisation at such levels, the incorporation of sustainable development activities into the accounting processes of their organisation is not as highly

regarded by their local authority. Such incorporation of sustainable development activities was perceived to be of more importance to the mail survey respondents personally than their local authority (79.6% to 58.4% - Table 1b). By highlighting these differences, this finding suggests there is a possible gap between the overarching importance and integration of sustainable development into the local authority's activities at the organisation level and the importance and integration of sustainable development into the accountant's role on an everyday level - if not a possible physical gap, then, at least a perceived gap between the integration of sustainable development at the local authority level and at the accountant level.

To further highlight these possible differences at the organisational level and the accounting level but focusing from a reporting approach, respondents were asked to indicate the perceived importance that sustainability reporting be incorporated into the accounting processes of their organisation (Table 1c). Results indicate that this issue is perceived to be of slightly more important by the respondents personally than from the local authority viewpoint (70.9% to 67.1%). Interviewees were asked to comment on the issue of incorporating sustainable development and sustainability reporting into the accounting processes of the organisation. It was generally agreed that at the organisational level, there is a lack of emphasis on integrating sustainable development and sustainability reporting into the everyday processes of the organisation. Rather the focus is on the overall picture of sustainable development at the organisational level:

They're (council) not that interested in the numbers either, let alone sustainability numbers. They want the stories and the good community things. (LA 4)

Whilst other interviewees felt that there was little interest and focus on sustainable development and sustainability reporting beyond the authority's basic mandate:

Council really don't think about such things. Council care really about their four year term, what's in it for them, what they can do that leaves a legacy for them. If they're forward thinking, they'll think about a legacy for themselves but if they're not forward thinking, which a lot of them aren't, they're really just worried about their four year term. (LA1)

It seems to be evident that council talk about sustainable development but they are only looking to their four year term. I mean, in my mind it happens at Federal, State and Local level, possibly a little more emphasized at the local level. Because, well certainly in country towns and maybe larger towns and cities, as a councilor you are more visible than a State or Federal minister. The thinking is very much linked to a term. People with vision think, 'okay, I've got a term to make some difference, but I know that whatever I do will have an effect'. I don't think they're in the majority'. (LA 2)

The Accountants Role in Sustainability Reporting

Mail survey respondents were then asked to indicate if they considered accountants should be involved in the sustainability reporting process. Of the respondents, 91.10% considered that accountants should be involved in the process with 8.9% indicating that they should not. In focusing on the respondents that indicated that accountants should be involved in the sustainability reporting process within their organisation, further analysis was then conducted focusing on what roles the respondents felt accountants *should* have in the sustainability reporting process (Table 2, section A).

Table 2
Mail Survey Response: Level of Involvement of Accountant in Sustainability Reporting

| Role of Accountant | Section A -Level of involvement accountants should have | | | Section B -Actual level of involvement of accountant | | | Section C – Diff. |
|---|---|--------------------------------------|------|--|--------------------------------------|------|----------------------|
| | % Not Involved or Uninvolved | % Involved or Very Involved | Mean | % Not Involved or Uninvolved | % Involved or Very Involved | Mean | Diff. |
| Advisory Role | 1.5% | 84.8% | 3.97 | 24.3% | 60.6% | 3.38 | 24.2 |
| Bookkeeping Role | 3% | 86.4% | 4.29 | 13.7% | 75.7% | 3.80 | 10.7 |
| Monitoring/assurance Role | 3% | 77.2% | 3.97 | 24.3% | 44% | 3.18 | 33.2 |
| Providing assistance in financial costings | 1.5% | 98.5% | 4.67 | 6.1% | 85.9% | 4.07 | 12.6 |
| Provider of financial information | 1.5% | 98.5% | 4.67 | 4.5% | 90.9% | 4.30 | 7.6 |
| Policy development role | 1.5% | 78.8 % | 3.89 | 39.4% | 33.4% | 2.88 | 45.4 |
| Communication role | 7.6% | 59.1% | 3.61 | 40.9% | 31.8% | 2.86 | 27.3 |
| Key Decision-maker role | 6.1% | 63.6% | 3.67 | 34.8% | 27.3% | 2.88 | 36.3 |
| Part of sustainability reporting team | 0% | 89.4 % | 4.20 | 37.9% | 40.9% | 2.91 | 48.5 |
| Preparer of sustainability report | 7.6% | 68.2% | 3.74 | 34.7% | 30.3% | 2.89 | 37.9 |
| Sustainability reporting team leader | 13.6% | 43.9% | 3.38 | 46.9% | 22.7% | 2.58 | 21.2 |

Results indicate that it was considered that accountants should have an active involvement in a number of specific roles within the sustainability reporting process. Most involved roles were considered to be provider of financial costings (98.5%), provider of financial information (98.50%), being part of the sustainability reporting team (89.4%) to providing a bookkeeping role (86.4%). One sample t-tests were conducted to determine the significance of these results, with all roles considered significant at the .005 level. This highlights the perceived level of involvement that accountants feel they should have in the sustainability reporting process and indicates that survey respondents perceive that accountants should be involved in all aspects of the reporting process. In focusing on the interviews, interviewees also felt that accountants should be involved in the sustainability reporting process with one interviewee expanding on this viewpoint:

If we aren't involved in it, then we don't have any say and we don't have any influence if we don't involve ourselves. And eventually, it'll be forced upon us and then you've had no control, you've had no influence over the outcomes so you end up with the end result rather than building it along the way. ... You can't bury your head in the sand cause its going to happen anyway. It will happen. So you're better off to be involved up front and get it in such a way that's meaningful to you and that you've had some influence over how you develop it and the mechanisms around it, what standards are in place, rather than it being imposed on you. I mean that's for me one of the important reasons to be involved in sustainable reporting.(LA 1)

To gauge these results against what level of involvement accountants *actually* have in the sustainability reporting process, respondents were asked to indicate the level of involvement accountants are actually having against each of these listed roles (Table 2, section B). Results highlight the most involved accounting roles are considered to be provider of financial information (90.9%), providing financial costings (85.9%), and a bookkeeping role (75.7%). One sample t-tests were conducted to determine the significance of the results, with the only roles considered significant at the .001 level were these three highlighted roles as being significant in the current reporting process. It is interesting to note also, that the role of sustainability reporting team leader was also considered significant but from the perspective of not involved in the reporting process ($t=-2.960$, $p<.005$).

In comparing these results, that is the actual involvement of accountants and the perceived level of involvement accountants should have, results highlight that actual level of involvement for all roles was less than what the perceived role accountants should have (Table 2, section C). Major differences noted were being part of the sustainability reporting team (48.5% difference), policy development role (45.4%), preparer of the sustainability report (37.9%) and the key decision maker-role (36.3%). Paired sample t-tests were conducted to determine the significance between these two levels of involvement, with all results significant at the .001 level.

These findings therefore highlight there is a significant difference between what roles accountants believe they should play in the sustainability reporting process within their authorities and the actual role that they are playing now. These differences point to an expectation gap that currently exists between the accountant's current involvement in sustainability reporting and the roles they believe they should be involved in the sustainability reporting process. Interviewees were asked to consider why this difference may exist. It was generally felt that in the past there has been a distinct separation within the organisation between issues of sustainability and the accountant's role which has contributed to this difference. However, it was felt that this is changing, as follows:

I think sustainability within councils and I suppose organisations in general has been a relatively new phenomenon and it has tended to stand aside from the organisation rather than integrated within it. As a consequence and the reporting that goes with it tends to take place on the basis within the sustainability part of the organisation and they'll deal with that and accountants will deal with the finances. I think there is certainly room moving forward, in fact I imagine in the long term there will be a requirement for accountants to report on the environmental impact of their organisation. (LA 3)

Interviewees were then asked to consider what appears to be holding back accountants from being more involved in the sustainability reporting process. It was found there were quite contrasting views on this. One interviewee saw it as more of an issue with how to measure sustainability:

As much as I think it's the right thing to do, sustainability is not seen as something that relates to finance... the organisation I think, sees sustainability as about the environment and the assets and the planning. It doesn't actually see it as accounting. And the problem there is, we'll come back to it, there's no value. Because they don't have a measure, they're measuring fluffy and there is no measure for fluffy. This is the problem, there's no measure for fluffy yet so they think they can't measure it. So, the organisation tends to use other areas to develop its core sustainability reporting (other than finance).... You couldn't get an auditor to go and audit that and say 'okay show us how you've arrived at that, show us the analysis', you can't do it, I don't think. And this is why I think that gap exists, because we should be involved and may be there may others that have ideas like I've got, there are ways we can capture data so that we've got a measure. (LA1)

However, another highlighted more the issues rather than the solution:

It probably, well certainly for myself and maybe for some of my colleagues, it's trying to understand what is meant by sustainable development, Is it about the balance between natural environments and built environment, which you know, and quite honestly I would struggle to put that into figures.... I don't understand enough about how accounting skills could be applied to environmental sustainability. (LA2)

Another interviewee saw the issues more to do with the traditional role of the accountant:

Well I think tradition holds us back because that's not something we're traditionally seen as doing. I think that's probably one of the bigger ones why we're not participating and that's tradition from our own perspective and from what the community or our internal community sees as our role. Cause I know in here for example, if I try to push the boundaries there's resistance that comes back of course because that's not your role, and what are you doing being involved in that. And that's one of the things I've found here happens. Like for example, contracts are a very classic example. The contracts people here will go and create a contract but when they created the contract, they don't look at, in my view, they're not looking at the whole picture. And I think that's where we have in my view, as accountants, in an organisation like a council, we have a real advantage over other areas of council. Because we have that overall view, and I think that's where we stand to be able to push boundaries to get better results. (LA1)

It is interesting to note at this point, of the 8.9% of local authority survey respondents who indicated that accountants should not be involved in any way in sustainability reporting – two of their main reasons put forward as to why accountants should not be involved were 'they do not have the necessary skills and training' and 'they do not have the necessary expertise'. This concurs with previous research conducted by Burritt *et al.* (2009a) who argued that, the lack of training, education, knowledge and experience of accounting personnel is acting as an obstacle to the potential for sustainability accounting in the public sector. This issue is now further explored.

Skill and Training Development in Accountants

In focusing on the extension of the accountants involvement in sustainability reporting in the future, mail survey respondents were asked to indicate whether they considered accountants require further skills to ensure their involvement in such reporting in the future. 95.5% of respondents considered that accountants do require further skills whilst 4.5% did not. Of the respondents that felt further up skilling was required, they were asked to consider the importance of particular skill sets and if they were required to be further developed in ensuring and extending the accountants involvement into the future (using a five-point scaled response from very unimportant to very important).

The results highlight (Table 3) that all skill sets were considered significant (at the .000 level) with the skill sets considered most important to be further developed are analytical skills (97.10%), strategic planning skills (92%), and reporting expertise skills that are centred on sustainability (87.10%). These skills highlight that whilst traditional accounting skill-sets are still considered important, such as analytical, budgetary and reporting expertise skills, other skill-sets are also considered important in extending the accountants involvement into sustainability reporting. These skill sets appear to be more refined in focusing on the long-term view of sustainability such as strategic planning and planning and development skills.

Table 3
Mail Survey Response: Skill sets required to be further developed in accountants

| Further Development of Skill Sets | % Unimportant or Very Unimportant | % Important or Very Important | Mean | Std Dev. |
|--|--|--------------------------------------|-------------|-----------------|
| Strategic Planning Skills | 8% | 92.0% | 4.2 | .71 |
| Planning and Development Skills | 3.2% | 72.6% | 3.9 | .81 |
| Analytical Skills | 1.6% | 97.1% | 4.3 | .74 |
| Risk Assessment Skills | 1.6% | 80.7% | 4.1 | .76 |
| Reporting Expertise Skills | 1.6% | 87.1% | 4.3 | .73 |
| Budgetary Skills | 3.2% | 79.1% | 4.2 | .85 |
| Communication Skills | 4.8% | 79.0% | 3.9 | .78 |
| Educational Qualifications | 6.5% | 59.7% | 3.6 | .71 |

In focusing on this issue with interviewees, they also considered that accountants require further up skilling to ensure their involvement in sustainability reporting in the future. Two interviewees raised the issue that many accountants need to however, have an initial understanding of what sustainability is and the possible role accountants can play in the sustainability reporting process before further up skilling or training should be considered as follows:

The first point is, I guess, are we trained sufficiently to deal with what's now? And the second point is, what is it that we are required to do now and in the future? At the moment I think it's fair to say that it's not entirely clearly defined as to what we need to report on or how we need to understand environmental reporting so therefore in order to be able to design training around that you need to understand what you're trying to be trained for. If it were to be defined, yes, I'd certainly say we would need to. But I think accountants probably need to have some involvement in understanding what it is we want to report or what we see as the need, the sort of reporting we need to provide. (LA 3)

This is all part of a much broader issue, a much much broader issue. You know, like carbon pricing, it's all these things about actually capturing the cost, for want of a better measure of everything we do. The air we breathe, the water we pollute. I think long term, we'll end up with all those things measured. At the moment, I struggle with the management accountant here and he keeps saying, why value these things, we can't put them through the books. I'm saying, well why can't we put them through the books? I know we don't actually go and buy the air but why can't we record this? We need to capture the value somewhere. You have to be able to account for it somewhere..... I mean we have to understand what it is we're measuring so that we can do a value on that. I suppose that's the trick. I mean, I'm not sure that an environmentalist for example can necessarily measure or put the measures together either. So I think you've got to try and work out how you get those skills in with the accountant and I'm not quite sure whether it's the other way, whether it's actually the environmentalist with the accounting skills or is it the accountant with the environmentalist skills. So I suppose what you're looking for is an accountant with a bend. (LAI)

Mail survey respondents were asked to indicate which organisation they considered most important in providing any additional training required to accountants to improve their skill sets (using a five-point scaled response from very unimportant to very important). Results indicate that the two organisations most considered important to very important were local government organisations and professional accounting bodies (both 91.9% respectively). This was in comparison to educational institutional institutions (74.2%) and the respondents own local government authority (67.7%). Interviewees also highlighted the importance of professional accounting bodies and local government organisations as an integral component of providing additional training. One interviewee however also considered the role of universities as education providers as a key component to any further training:

I think the CPA, ICA and IPA have all got a very big role to play in pushing the change but I think universities have a big role in that too. I think they've really got to step up and deliver. I think there's value in the commerce degree saying, okay here's accounting but you also need to know about some of the triple bottom line. There almost needs to be a subject on each of the triple bottom line topics. (LAI)

A further local authority interviewee considered whichever type of organisation leads with training for accountants; it will influence ultimately where the responsibility of sustainability sits long-term:

Based on the current thinking within the organisation, (if sustainability reporting was introduced into the organisation) it would fit within the sustainability department because they sort of sit to the edge of the organisation for lack of a better way of putting it. But it ultimately depend on who was driving it. If it was say to be driven out of CPA Australia, that would likely then change as it then becomes an accounting issue. (LA4)

6. Discussion and Conclusion

This exploratory paper extends existing work that has been conducted on sustainability reporting in the public sector, particularly focusing on the accountant's viewpoint of sustainability reporting. Results indicate that local authorities appear not to be currently considering the integration of sustainable development activities into the accounting processes of the organisation as important as at the organisational level. Interview results supported the survey results in considering there was little interest and focus on sustainable development and sustainability reporting beyond the organisational level of the local authority.

Accountants appear to be supportive of involvement in the sustainability reporting process (91.10% mail survey results indicating that accountants should be involved in the process). This is quite encouraging when compared to a prior study of Deegan *et al.* (1995), who whilst focusing on the role of the accountant from a private sector perspective in environmental accounting, considered there needed to be a required shift in the attitudes of accountants before we could expect environmental issues to be of concern to accountants. It appears therefore that perhaps there may have been a shift in accountant's attitudes since this previous study was conducted.

However, whilst accountants may have indicated support for involvement in sustainability reporting this study, significant differences were found between accountant's actual current involvement in sustainability reporting practices in their local authorities and the perceived level of involvement accountants should have. Interviewees pointed to the traditional role of the accountant and the need for a change to this traditional role, both a physical change in getting the accountant more involved in but also a perception change, in ensuring that accountants are seen as having the ability to play an important role to play in the sustainability reporting agenda. This difference may also be partly explained though by the perceived lack of interest by local authorities in integrating sustainable development activities beyond that of the organisational level. If there is not an acceptance and action by leadership at the organisational level towards the role accounting and accountants can play in the sustainability reporting process, this will certainly hinder further inclusion of accountants in the reporting process.

To assist the extension of the accountant's involvement in sustainability reporting in the future, it was considered by both mail survey respondents and interviewees that accountants require further up-skilling to ensure their involvement. This involves the development of further refined skills that are more focused on the long-term view of sustainability but also a basics understanding of what sustainable development is and how it relates and impacts on the accountant's role. As discussed by one interviewee, the role of universities as education providers is critical to developing an understanding of sustainability along with professional accounting bodies and local government organisations providing additional up-skilling to the accountant. Universities and the accounting profession alike need to look beyond the narrow traditional economic focus that so dominates accounting education to consider the bigger picture of the social and environmental sphere that accountants operate within today.

Future research is required to extend this preliminary exploration to provide additional understanding of why there is a lack of involvement by accountants in the sustainability reporting agenda. From such an understanding, we may then be better positioned to consider the role accountants can play in the future development of sustainability reporting at the local government level and how their skills can be better utilised to help guide and direct organisations in moving towards a more sustainable future.

ⁱ The mail survey was restricted to four states due to financial and time constraints.

ⁱⁱ For a copy of the mail survey, please contact the corresponding author.

ⁱⁱⁱ Three of the local authorities interviewed were classified as urban with the fourth rural, according to the Australian Classification of Local Governments (ACLG).

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