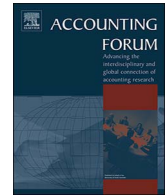


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Accounting Forum

journal homepage: www.elsevier.com/locate/accfor

The emancipatory potential of extinction accounting: Exploring current practice in integrated reports

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ARTICLE INFO

Keywords:

Biodiversity
Emancipatory accounting
Extinction accounting
Integrated reporting
Sustainability

ABSTRACT

This paper adopts a normative approach to develop a dynamic form of corporate reporting designed to deal with the threat posed by mass extinction of species. The proposed reporting framework is intended to show how a type of accounting – which is referred to as extinction accounting – can and should be used to drive positive corporate change and prevent the loss of species. The framework is inspired by both an anthropocentric and deep ecological view on nature and draws on accountancy's emancipatory potential rather than attempting to find a substitute for current technologies of accounting and accountability. The prior literature on biodiversity and emancipatory accounting is complemented by showing how an innovative form of reporting on a specific environmental issue can be operationalised and used in the short-term to respond to the threats posed by mass extinction.

1. Introduction

The planet is currently experiencing the sixth mass extinction event, with human and business activity being the root cause of species loss and habitat destruction (Ceballos, García, & Ehrlich, 2010, 2015; Kolbert, 2014). The latest scientific research finds that, from a sample of almost half vertebrate species, 32% are decreasing in population size and range as a result of habitat loss, over-exploitation, invasion by alien species, pollution and global warming (Ceballos, Ehrlich, & Dirzo, 2017). The most significant finding is that extinction rates have been underestimated due to a focus on specific species rather than the reduction in total population sizes:

“Population extinctions today are orders of magnitude more frequent than species extinctions. Population extinctions, however, are a prelude to species extinctions, so Earth's sixth mass extinction episode has proceeded further than most assume. The massive loss of populations is already damaging the services ecosystems provide to civilization All signs point to ever more powerful assaults on biodiversity in the next two decades, painting a dismal picture of the future of life, including human life” (Ceballos et al., 2017, p.6095).

Given this looming environmental disaster, the accounting and business community cannot simply assume that a scientific solution will be found to prevent extinction and the associated risks which it poses to humanity. Codes of corporate governance and responsible investment (see Institute of Directors in Southern Africa [IOD], 2011, 2016) call on all companies and institutional investors to take a stand on unsustainable business practice. Practitioner-focused books have emerged making a clear business case for reversing declining trends in animal and plant populations in the interest of long-term corporate sustainability (see Atkins & Atkins, 2016; King & Atkins, 2016). These include the outline of an emerging business and reporting framework incorporating

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<https://doi.org/10.1016/j.accfor.2017.12.001>

Received 21 August 2017; Received in revised form 6 December 2017; Accepted 7 December 2017

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initiatives, partnerships and stakeholder engagement designed to mitigate the risk of extinction where companies' activities affect specific species (Atkins et al., in press; Atkins, Barone, Maroun, & Atkins, 2016; King & Atkins, 2016). The concern for species preservation is evident in a special issue of *Accounting, Auditing and Accountability Journal (AAAJ)* entitled 'Extinction Accounting and Accountability' examines the theoretical dimensions of an emerging extinction accounting framework in terms of accounting's emancipatory potential designed both to report on and react to the loss of species among other issues (2018).¹

This emerging area of extinction accounting research provides an excellent starting point for developing a more refined emancipatory tool: a pragmatic means of extinction prevention as well as a theoretical construct which is not entirely grounded in a critical (traditionally Marxist) discourse² (Gallhofer & Haslam, 2017). The current study makes an important contribution by taking the next step in the development of extinction accounting by exploring how extinction prevention is currently being disclosed in integrated reports as well as demonstrating how an extinction accounting framework may be operationalised. An interpretive methodological approach is adopted and we use interpretive, and at times critical, textual analysis to reveal elements of extinction accounting from an extensive selection of South African listed companies' integrated reports. Further, the paper seeks to problematize the current approach to extinction accounting in practice by addressing several aspects of current accounting practice in a critical and reflective manner. Firstly, we discuss whether or not the terminology and approaches adopted to address extinction issues, especially within integrated reporting, are appropriate and sufficient to be emancipatory. Second, we consider specifically the concept of natural capital and discuss whether this term *per se* stifles an emancipatory approach to extinction accounting. Third, we develop earlier discussions in the literature around the term and concept of biodiversity and its application in accounting. Again, we querying if 'accounting for biodiversity' has emancipatory potential or is more likely to result in vague notions of nature and wildlife in integrated reports which do not result in transformational or emancipatory change. We also return to a concern in the prior literature about the GRI principles relating to extinction accounting that their use alone would produce merely a 'fossil record' of species. Further, we consider what the concept of 'value creation', so central to integrated reporting, actually means in relation to 'natural capital'.

We posit that unless extinction accounting is emancipatory, or at least progressive in nature, extinctions will not be prevented at either population or species level and all of the worst predictions about the future of the planet will be borne out. In other words, by prioritising an emancipatory extinction accounting, businesses will transform their ethos, activities and business strategy to slow and stop extinction trends. The prior research argues that current extinction prevention initiatives reported by companies are not emancipatory but rather embed hegemonic anthropocentric attitudes to nature and wildlife (see Atkins & Maroun, 2018; Romi & Longing, 2016; Tregidga, 2013). Transforming these leads to an emancipatory or, at a minimum, more progressive capitalism which ultimately increases species populations and reduces extinctions.

The remainder of this paper is structured as follows. Section 2 explores biodiversity and species under threat of extinction within a South African context. In Section 3 we discuss the theoretical framework with a focus on emancipatory accounting. Section 4 presents the research method. In Section 5 there is a discussion of South African integrated report content and the paper concludes in Section 6.

2. South African biodiversity and species endangered by extinction

The South African National Biodiversity Institute, a public entity created by the Department of Environmental Affairs, is tasked with, *inter alia*, leading and coordinating research on the state of biodiversity and reporting changes in biodiversity mass (South African National Biodiversity Institute, 2015; Wynberg, 2002). The IUCN's Red List Categories and Criteria have been developed over a period of almost 90 years (see Atkins et al., in press) and are used to classify species (SANBI, 2017a) as depicted in Fig. 1.

South Africa is regarded as one of the world's most biologically diverse regions. There are an estimated one million species living in 9 biomes, some of which are unique to South Africa (Wynberg, 2002) forming part of 12 megadiverse regions which, collectively, account for two thirds of global biodiversity (Daly & Friedmann, 2016). Nevertheless, human behaviour has had a significant impact on local biodiversity with numerous species classified as threatened or of conservation concern (see Fig. 1).

The rhinoceros is a high profile illustration of a species threatened with extinction. A combination of habitat loss, climate change and unprecedented levels of poaching to supply illegal trade in rhinoceros horn, has placed significant pressure on populations (SANBI, 2015, 2017a). The African Wild Dog may face a similar fate. The species requires a large home range putting it in direct competition with expanding human settlements. In addition, they are often misunderstood as posing a significant threat to livestock leading to conflict with farmers. As a result, it is estimated that only 250 individuals remain in the wild (EWT, 2016c). The African Vulture is another example of a species which is critically endangered due largely to harvesting for traditional medicine, killing by farmers, human encroachment on wilderness areas and the effects of climate change (Ogada et al., 2016). The giraffe is another species threatened with extinction as almost 40% of the population has been lost over the last 40 years (Carrington, 2016).

The risk of extinction is not limited to Africa's large mammals and birds. Several insects (such as the honey bee) and amphibians (for, example, the reed frog) are included on the IUCN's red list (Atkins et al., 2016; SANBI, 2017b). Numerous plant species are also at risk. Just under 12% of South Africa's flora is classified as a conservation concern and approximately 14% are listed as threatened (SANBI, 2017b). This is attributed mainly to the conversion of natural areas for urban, industrial and agricultural use; degradation of

¹ The papers included in the special issue are: Atkins and Maroun (2018), Adler, Mansi, and Pandey (2018); Cuckston (2018); Gray and Milne (2018) and Weir (2018).

² See the following body of work which develops this theoretical framework Gallhofer and Haslam (1996); Gallhofer and Haslam (1997); Gallhofer and Haslam (2003) Gallhofer and Haslam (2011); Gallhofer, Haslam, and Yonekura (2013); Gallhofer, Haslam, and Yonekura (2015); Gallhofer and Haslam (2017).

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