

Editorial Notes

Sustainable Business and Governance

It is generally accepted nowadays that accounting is the language of business and that corporate reporting provides information about the activities of a business – not just to investors but also to all other interested stakeholders. It is equally generally accepted that the firm is accountable to all of these stakeholders and that such reporting must be extended beyond the financial and into the social and environmental also. Thus the role of this journal is undisputed, as is the relationship between financial and social and environmental accounting, accountability, disclosure and reporting. The three are entwined into triple bottom line reporting. The role of accounting and reporting is however much wider than this and extends into all aspects of the behaviour of firms, and of markets and of governments. In this arena both governance and risk management¹ have arisen as topics which need investigation.

Thus we are experiencing a severe current financial crisis which has turned into an economic crisis which is global in nature. This crisis has exposed a number of problems with the governance of corporations and of markets and many people have suffered as a result of those problems. It is apparent however that

different firms and different countries in different parts of the world have been affected to different extents. It is important therefore to undertake and examination of the effects of the crisis and the causes which have led to different effects so that we can learn from this crisis and hopefully take steps to prevent its recurrence. Although governments and business leaders are conducting their investigations it is important that we in the academic accounting community also undertake some investigations – not just of causes of the crisis but also of factors which might mitigate against its occurrence.

As academic accountants we are uniquely placed to undertake this kind of investigation. As academics we undertake rigorous research based investigations which are more likely to uncover trends. As accountants we recognise the integral role of accounting and financial reporting in facilitating business activity and causing or preventing financial crises. And as a worldwide community we have a variety of perspectives which we can integrate to facilitate a global understanding. Thus we have an important role to play in developing an understanding of the global – and local – factors which affect both the likelihood of an occurrence of such a crisis and its prevention.

¹ See Aras G & Crowther D (2009); *The Durable Corporation: strategies for sustainable development*; Gower for a full discussion of this relationship.

We must engage in research and debate about these issues and this journal has an important role to play in this. It is global in its reach and in the range of topics considered, and this issue is a typical example of this. So in this issue we can see research relating to governance issues, because disclosure is inextricable related to governance²; more importantly in this issue the investigation is concerned with disclosure in developing countries. At the same time there is research about the relationship between financial reporting and ethical behaviour and corporate social responsibility. These are all factors which are crucial to the understanding of business behaviour and market behaviour and the sustainability of the economic environment – and of course to the development of durable corporations³. These are all issues which are central to the satisfactory operations of the global economy and dem-

onstrate that we, as academics, and this journal have an important role to play in developing a sustainable economy which is global in nature and more equitable than at present. The papers are insightful and thought provoking- and they make a contribution to these important debates. I therefore leave you to read these papers and consider their significance – but I also charge you to enter the debate with your own contribution. I also encourage you to make a contribution to the debate through publishing in a future issue of this journal.

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² See Aras G & Crowther D (2009); Global Perspectives on Corporate Governance and CSR; Gower for a fuller exploration of this relationship in a global context.

³ See Aras G & Crowther D (2009); The Durable Corporation: strategies for sustainable development; Gower.