ABSTRACT

This paper explores the awareness and perceptions of accounting practitioners in Malaysia toward basic concepts, elements and functions of corporate social and environmental responsibility (CSER). More than 200 accounting practitioners with accounting education background were studied for this purpose by using a postal survey. Their views on the relevance of issues surrounding CSER were also assessed. A series of in-depth interviews were undertaken to determine how far the actual attitudes of accountants are consistent with those perceptions. Insights from seven practitioners were obtained for this purpose. It appears from this study that perceptions are often too simplistic whereas realities are complicated. As much as they would like to realize their roles, there are various issues hampering the implementation of CSER in Malaysia. As it would involve the culture and mindset of people, crucial roles in realizing CSER cannot be assumed by the accounting practitioners only but also by other parties such as the government, shareholders and the public. The findings of this study provide input to enhance the understanding of how accounting and accounting practitioners function in relation to their roles toward CSER, thus providing a basis in setting up appropriate means to achieve the true meaning of CSER.

Corporate social responsibility, social and environmental accounting, Malaysia, perceptions, accounting education
REALIZING CORPORATE SOCIAL AND ENVIRONMENTAL RESPONSIBILITY IN MALAYSIA: PERCEPTIONS AND REALITIES

INTRODUCTION
Social and environmental responsibility matters could affect the functioning of accounting and vice versa. Corporations are now being judged for their social performance as well as for their financial accomplishment and they are bound to realize that their true value is the value that companies are creating for their stakeholders—shareholders, employees as well as indirect parties—customers, society and the wider community (Soon, 2002). As a result, companies have expanded their annual reports to include sections on social issues highlighting their accomplishment, for example, in reducing pollution, protecting the environment, contributing to the well-being of the community and in corporate citizenship (Elkington, 1997).

Gray et al. (1996) broadly define social accounting as a study of all potential accounting, of which financial accounting is a limited subset. In the perspective of business organizations, the notion of social responsibility covers a broad array of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and the environment (Moir, 2001). According to European Commission (CU, communication, July 2002), corporate social responsibility (CSR) is a concept whereby companies integrate social and environmental concerns in their business operations and in their interactions with their stakeholders on a voluntary basis.

Despite of the developments towards issues surrounding social and environmental problems, questions of responsibility still arise and whether the phenomena implicate private, public or any other forms of organizations, certain individuals are bound to be responsible in contributing to the problems. Thus, this paper explores the awareness and perceptions of accounting practitioners in Malaysia towards basic concepts, elements and functions as well as issues of social and environmental accounting (SEA) as a broader discussion in accounting discipline with the intention to provide a basis in setting up appropriate means to realize the implementation of corporate social and environmental responsibility (CSER).

BACKGROUND
As a developing country, Malaysia is no exception to the issues of social and environmental problems. Business activities have been blamed for the deterioration of rivers, forest reserves and public places. For instance, flash floods in Kuala Lumpur due to expanded and large-scale development projects in the highlands are signs that Malaysians are facing serious environmental problems, costing money and lives (FWWL, 2001). Similarly, many cases of mismanagement and misappropriation of funds involving
billions of dollars have been reported by the media. As an example, Perwaja Steel, the government-owned steel manufacturer was planned as a centerpiece of Malaysia’s industrialization drive of the early 1980s, is facing a serious financial crisis and has been under investigation for alleged abuse of funds since 1996 (Suh and Poh, 2001).

Perhaps in the first quarter of 2005, cases involving environmental issues appeared to be covered most often in the local newspapers and they seemed to catch the public, private and government attentions. To name a few, there were illegal logging, hill cutting, river pollution, marine pollution, air pollution, toxic waste, deteriorating water quality, declining coral reefs, costal erosion, overfishing and biodiversity loss. Citing an example, agencies that deal with natural resources are fragmented, economic-driven and do not have a focus on biodiversity conservation hence the Fisheries Department was found to concern more with fish catch than sustainable fishing activities (Chiew, 2005).

At the same time, Malaysia is a developing country with an impressive economic growth track record during the 1990s and as indicated by the 9.8% points rise in the MQLI (the Malaysian quality of life index) its quality of life has continued to improve from 1990 to 2002 (Economic Planning Unit, Malaysia). However, although areas such as transport and communications, working life and communication were reported to receive the highest gain, two components of quality of life that have deteriorated are public safety and the environment (Wan Abdul Kadir, 2005). Crime rate per thousand of population had increased from 3.8 per thousand people in 1990 to 6.2 per thousand in 2002. The rapid increase in the number of motor vehicles; urbanization and industrial growth have all contributed to the deterioration in air as well as water quality. It clearly appears that Malaysia is facing social and environmental problems in that it has to work on the two areas to achieve a better quality of life.

LITERATURE REVIEW

Speaking about social and environmental responsibility of an organization and in particular corporate bodies, one could not put aside the roles, behaviours and attitudes of accountants, managers, investors as well as government and society as a whole. A number of research works was conducted to find out their perceptions towards SEA, CSR and Environmental accounting (EA) especially on the corporate activities that can be associated with social and environmental matters.

An attempt to focus on the differences in attitudes between top management and operating management toward given areas of CSR was made by Ostlund (1977). It was found that there was a close agreement between attitudes of top management and those of operating management hence, disproved the claims that operating managers were resistant in executing CSR policies. On the other hand Teoh and Shiu (1990) addressed the questions of perceived importance of social responsibility information (SRI) characteristics in a decision context, as well as the attitudes of institutional investors toward social responsibility involvement. They found that SRI disclosed in company annual reports did not have any significant impact on institutional investor’s decisions and attitudes toward corporate social responsibility also suggested that institutional investors were not totally opposed to company involvement in social activities.
Bebbington et al (1994) explored and examined accounting and accountants’ involvement in response to environmental agenda. It was found that accountants were aware of corporate responses to the environmental agenda but the level of their involvement was not high and there seemed to be a clash between their awareness of environmental issues and their lack of ability to realize this as corporate activities in which they are an integral part. A case of leadership of the accountants in initiating an environmental disclosure was raised and it was found that they were not keen to become the initiator although the accountants were inclined to providing the environmental information for the management thus implying some of the conflicts mentioned earlier.

Findings by Wilmshurst and Frost (2001) who explored the role of accounting and the accountant in the Environmental Management System (EMS) showed that the senior executives responding to the survey indicated that they believe the environment is an important issue, and recognize the need for a business response. However, there appeared to be limited participation of the accountant in the EMS implying that there is a lack of understanding of the potential role accounting and the accountant could play as a member of the EMS team.

In the context of Malaysia, Abdul Rashid and Ibrahim (2002) studied the attitude of its managers and executives towards social responsibility. The extent of socially responsible activities involved, corporate disclosure and the factors determining the attitudes towards social responsibility were examined. The results also showed that the most influential factor determining the attitude towards social responsibility was family upbringing, traditional beliefs and customs, and common practices in the industry.

Pertaining to reporting aspects, attempts were made by O'Dwyer (2002) to understand the motivations of the managers for CSD through the extension of organizational legitimacy theory. He interpreted the Irish managerial perceptions of corporate social disclosure (CSD) presence and absence and found that CSD was perceived as being incapable of supporting the achievement of a legitimacy state although occasionally it forms part of a legitimacy process.

Ramasamy and Hung (2003) attempt to determine the corporate social responsibility (CSR) awareness level from the perspective of employees as one set of stakeholders in Malaysia and Singapore. Although Singaporean companies tend to exhibit a relatively higher level of awareness, overall their results show a low level of awareness. It is suggested that emphasis on CSR education, particularly the impact of financial performance is necessary in both countries.

Motivated by a concern to realize the potentiality of accounting communication in relation to social and environmental issues in Thailand, Kuasirikun (2005) evaluates perceptions of current accounting as well as attitudes to social and environmental accounting among Thai accounting professionals. The study reveals that there is an overall positive attitude towards social and environmental accounting amongst the accountants, auditors and accounting related professionals in the country although there is
a sign of conflict among accounting-related professionals especially towards the practically issue of social and environmental accounting.

RESEARCH METHODS

The present study adopts a quantitative and qualitative research approach represented by the questionnaire survey and in-depth interview. The use of different methods makes the triangulation of data possible and ensures the reliability and validity of the data that have been gathered and analyzed (Babbie, 2002; Collis and Hussey, 2003). Besides, the rich qualitative data enable a deeper understanding of certain issues explored in the study.

Questionnaire Survey

A questionnaire survey was developed to elicit the views of accounting practitioners in Malaysia on various aspects of SEA which include the awareness, perceptions towards elements and functions of SEA and opinions towards the relevance of SEA issues. For this study, accounting practitioners are defined as individuals who work in accounting-related jobs and acquire at least a diploma in accounting at tertiary level or any professional accounting qualification.

Sampling

A sample of accounting practitioners was determined through their membership list with the Malaysian Institute of Accountant (MIA) which regulates the accounting profession in the country. At present, there are 21,347 MIA members who are granted chartered accountants (CA) and for this study a total of one thousand of them was selected using a random sampling method. In addition some two hundred accounting practitioners in Malaysia who were not members of MIA were also included and they were selected through convenience sampling. A total of 138 questionnaires were returned from the members of MIA while 107 was obtained from the non-members of MIA representing response rates of 13.8% and 53.5% respectively and overall response rate of 20.4%. Table 1 outlines the sampling technique and the response rates for various groups representing the respondents.

Table 1– Sample Size and Sampling Technique for Accounting Practitioners

<table>
<thead>
<tr>
<th>Type of Respondents</th>
<th>Accounting Practitioners: MIA Members</th>
<th>Accounting Practitioners: Non-MIA members</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sampling Unit</td>
<td>Chartered accountants</td>
<td>Accounting-related professionals</td>
</tr>
<tr>
<td>Population Estimate</td>
<td>21,000</td>
<td>Cannot be determined</td>
</tr>
<tr>
<td>Sampling Technique</td>
<td>Random sampling</td>
<td>Convenience sampling</td>
</tr>
<tr>
<td>Number of Questionnaires Sent</td>
<td>1,000</td>
<td>800</td>
</tr>
<tr>
<td>Number of Questionnaires Returned</td>
<td>138</td>
<td>107</td>
</tr>
<tr>
<td>Response Rates (Overall 20.4%)</td>
<td>13.8%</td>
<td>53.5%</td>
</tr>
</tbody>
</table>
Reliability and Response/Non-Response Bias

The internal consistency of the survey instrument was measured by using Cronbach’s coefficient alpha statistical test that provides an indication of the average correlation among all the items that made up the scale. The results shown in Table 2 demonstrate that all indices obtained are considered high as a sample scale that shows Alpha value above .70 is considered reliable (Pallant, 2001: Nunnaly, 1978). Therefore, on the whole the results for questionnaire reliability indices are considered to be adequate for this research.

At the same time, issues relating to the representativeness of the sample generally arise in all survey questionnaires because the total sample identified did not respond. In many situations, the percentage of respondents is less than 50% of the total sample (Armstrong and Lusk, 1984) while survey mail response rates are often about 30% (Kerlinger, 1973). In any case, the issue is related to the extent of bias reflected in the respondent sample rather than the actual response rate (Babie, 1989). Therefore, it is important to know how results may be biased so that the presentation of results is not misleading.

The issue of response/non-response bias for the study was treated by applying the Kruskal-Wallis one-way analysis of variance to the data as they were divided into three groups based on the phases of time period in which the questionnaires were returned, identified as the earliest, later and latest. Although Chi-squared test (Van Meer and Adams, 1996) and Mann-Whitney (Wilmshurst and Frost, 2001) are normally used, Kruskall-Wallis seems to be the most efficient of the non-parametric tests for more than two independent samples (Siegel and Castellan, 1988). The outcomes of the test as also shown in Table 2 below, demonstrate that all values produced by Kruskal-Wallis test are non-significant (p>.05) implying that the responses were, to a statistically significant extent, the same on the three phases of time in which the questionnaires were received whether they were returned earliest, later or latest.

Table 2- Results of Reliability and Validity Test

<table>
<thead>
<tr>
<th>Variables</th>
<th>Cronbach’s Alpha index</th>
<th>Kruskas-Wallis test*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Awareness of SEA</td>
<td>0.917</td>
<td>0.147</td>
</tr>
<tr>
<td>Elements and Functions of SEA</td>
<td>0.831</td>
<td>0.523</td>
</tr>
<tr>
<td>Relevance of SEA issues</td>
<td>0.885</td>
<td>0.484</td>
</tr>
</tbody>
</table>

*All values produced by the test are non-significant

Quantitative and Qualitative Data Analysis

Descriptive statistics in the forms of frequency distribution and central tendency such as mean, median and standard deviation were utilized to describe the basic features of the data in the study. Since most of the data for this study contain rank order information, the most informative way to describe and summarize the data is through the use of median (Siegel, 1988). The median is a useful measure of location for a distribution of cases on an ordinal variable (Loether and McTavish, 1993).

The qualitative data for the present study was derived from two groups of informants: the interviewees and respondents of surveys who provided detailed responses for the open ended type questionnaires. The objectives of gathering this information are similar to
those of the questionnaire survey in that generally to obtain the perceptions of accounting practitioners on aspects of SEA and CSR. Although the present study does not foresee adopting any grounded theory approach, the data analysis was started by applying the constant comparative method (Glaser and Strauss, 1967) to develop tentative categories that were then compared to each other and to other instances. At the same time, an approach to reduce and display the data before they were verified and concluded (Huberman and Miles, 1994) were also performed. The main intention of utilizing these methods was to derive meaningful and reliable interpretations of the qualitative data besides eliciting further insights of the information provided by the survey (Oppenheim, 1992).

In-depth Interviews
The theme of the interview questions for this study revolved around social and environmental responsibility elements in accounting practice. The interviews lasted ranging from approximately thirty minutes to ninety minutes at an average of sixty minutes for each interview. A series of transcriptions were performed as they were recorded. The interview data were managed by using the NVIVO computer software and further analyzed manually. Although computers offer no instant solutions to the problems faced by qualitative researchers (Richards and Richards, 1994), a good storage and retrieval system is critical for keeping track of what data are available (Huberman and Miles, 1994).

RESULTS AND DISCUSSIONS
This section presents the background of the survey respondents and the interviewees as well as the findings of the other objectives of the study. The descriptive results of the survey are presented and these are accompanied by the comments gathered from the open ended questionnaire and the outcomes of the interviews. This qualitative approach supports the survey results which are produced by the structured statistical means hence in depth explanations as to why and how certain results are achieved can be established.

Profile of Survey Respondents
The profiles of accounting practitioners as demonstrated in Table 3 are presented in terms of their gender, religion and nationality, years of working experience, type of affiliations and their qualifications. In total, male represents 61.2% (150) and female 38.8% (95) implying that there are more males than females personnel in the accounting-related profession in Malaysia. Among the 245 respondents, there are 148 Muslims (60.7%), 47 Christians (19.3%), 24 Buddhists (9.8%), 22 Hindus (9.0%). Three respondents embrace other religions and none without religion whereas all of them are Malaysian by nationals. One respondent did not reveal his or her nationality and religion.

Years of working experience are divided into three categories: less than 5 years, 5 to 10 years and more than 10 years. In all cases, 66 respondents have had less than 5 years of working experience, 100 have had 5 to 10 years of working experience and 78 have had more than 10 years. The most number of respondents have had 5 to 10 years (41.0%) of working experience followed by those with more than 10 years (31.9%) of working
experience and lastly by the most juniors who have had less than 5 years (27.1%) working experience.

In the sample, accounting practitioners came from the range of business and public sector in that the big majority of accounting practitioners are from the private sectors (46.7%), followed by the public sector (17.2%), audit (15.9%), banking (12.7%) and other types such as insurance, manufacturing and taxation consultant (7.5%). Of the total 245 cases, one respondent did not disclose the number of years of his or her working experience as well as the type of organization that he or she is working in.

The academic qualifications of the respondents range from diploma in accounting to PhD and professional accounting. In this case, each respondent might indicate more than one qualification. Most of the practitioners obtained a Bachelor degree in accounting (66.5%) while some of them also acquired higher academic qualifications such as masters in accounting (2.9%), MBA (3.7%) and PhD (0.004%). In addition, 26.9% of accounting practitioners earned various professional accounting qualifications. A total of 138 (56.3%) of accounting practitioners were MIA members followed by ACCA (6.9%), CPA (1.2%) and others (5.3%).

### Table 3- Profile of Survey Respondents

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male</th>
<th>Female</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>150 (61.2%)</td>
<td>95 (38.8%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Religion and Nationality</th>
<th>Islam</th>
<th>Christianity</th>
<th>Buddhism</th>
<th>Hinduism</th>
<th>None</th>
<th>Other Religion</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>148 (60.7%)</td>
<td>47 (19.3%)</td>
<td>24 (9.8%)</td>
<td>22 (9.0%)</td>
<td>3 (1.2%)</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Nationality</th>
<th>Malaysian</th>
<th>Non-Malaysian</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>244 (100%)</td>
<td>0</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Years of Working Experiences</th>
<th>Less than 5 years</th>
<th>5 to 10 years</th>
<th>More than 10 years</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>66 (27.1%)</td>
<td>100 (41.0%)</td>
<td>78 (31.9%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Type of Organizations</th>
<th>Audit</th>
<th>Private</th>
<th>Banking</th>
<th>Public Sector</th>
<th>Other types</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>39 (15.9%)</td>
<td>114 (46.7%)</td>
<td>31 (12.7%)</td>
<td>42 (17.2%)</td>
<td>18 (7.5%)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Qualifications</th>
<th>Diploma in Accounting</th>
<th>Bachelor in Accounting</th>
<th>Masters in Accounting</th>
<th>MBA Accounting</th>
<th>PhD</th>
<th>Professional Accounting</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>57 (23.3%)</td>
<td>163 (66.5%)</td>
<td>7 (2.9%)</td>
<td>9 (3.7%)</td>
<td>1 (0.004%)</td>
<td>66 (26.9%)</td>
</tr>
</tbody>
</table>
Background of Interviewees
The interview respondents consist of seven accounting-related professionals who are from various working background but acquired accounting education either for their basic degrees or the professional qualifications. They comprise two males and five females and six of them are members of MIA. Four of them hold different professional qualifications and memberships which consist of ACCA/ICAEW, MICPA, CPA Australia and MICPA. Some interviewees acquire more than one professional qualification or are members of more than one professional body. Three interviewees have had five to ten years of working experience, another three have had more than ten years while one interviewee have had less than five years working experience. Merriam (1998) points out that there is no answer to the number of people to interview, as for a qualitative research it always depends on the questions being asked, the data being gathered, the analysis in progress and the resources one has to support the study.

Awareness towards SEA/CSR
Two aspects of awareness were measured by the survey questionnaire; level of knowledge on the concept of SEA and second, on their awareness about the development of SEA/CSR. In this case, respondents were required to indicate their level of knowledge and awareness based on 1 (very low) to 7 (very high). Result as illustrated in Table 4 shows that overall, mean scores of 3.42 and 3.65 were obtained respectively on knowledge on concept of SEA and development of SEA. These results indicate that on the whole respondents’ awareness and knowledge on general concepts and development of SEA were considered low (less than mean value of 4.00).

The median scores for each item in this category range from 3.00 to 5.00. In other words, 50% of respondents claimed that their level of awareness and knowledge on the concepts and developments of SEA/CSR were either low (3.00), neither low nor high (4.00) or slightly high (5.00). It appears that the practitioners did not have high awareness particularly in some cases such as issues on the triple bottom line accounting, sustainability accounting and the existence of Companies Act requirement for an environmental report in some European countries (all three statements scored medians of 3.00).

Table 4 - Level of Awareness of Respondents towards SEA/CSR

<table>
<thead>
<tr>
<th>Level of Awareness (1-very low, 7-very high)</th>
<th>Mean</th>
<th>S.D</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Knowledge on concept of SEA (Total mean score 3.42)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Non-conventional accounting</td>
<td>3.53</td>
<td>1.4</td>
<td>4.00</td>
</tr>
<tr>
<td>Social responsibility accounting</td>
<td>3.58</td>
<td>1.4</td>
<td>4.00</td>
</tr>
<tr>
<td>Corporate social responsibility accounting</td>
<td>3.93</td>
<td>1.5</td>
<td>4.00</td>
</tr>
<tr>
<td>Environmental reporting</td>
<td>3.64</td>
<td>1.3</td>
<td>4.00</td>
</tr>
<tr>
<td>Triple bottom line accounting</td>
<td>2.74</td>
<td>1.4</td>
<td>3.00</td>
</tr>
<tr>
<td>Sustainability accounting</td>
<td>3.05</td>
<td>1.4</td>
<td>3.00</td>
</tr>
<tr>
<td>Development of SEA (Total mean score 3.65)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Environmental issues/ international agenda</td>
<td>3.97</td>
<td>1.4</td>
<td>4.00</td>
</tr>
<tr>
<td>Growing interest in SEA/CSR</td>
<td>3.85</td>
<td>1.4</td>
<td>4.00</td>
</tr>
<tr>
<td>Existence of Companies act</td>
<td>3.25</td>
<td>1.5</td>
<td>3.00</td>
</tr>
<tr>
<td>Growing interest in Malaysia</td>
<td>3.50</td>
<td>1.4</td>
<td>4.00</td>
</tr>
</tbody>
</table>
The interviewed practitioners provided a number of reactions concerning the issue implying their low level of awareness and the possible reasons in explaining the situations.

“If the issue is important, they can raise it, but I don’t think they’ll do it on social and environmental issues. That’s what I think the awareness, the education is quite important, because if you don’t introduce this concept of environmental reporting, so you’re not aware of it, you don’t really care”. (Interviewee no. 5)

“Based on my interactions with the practitioners, I think SEA concept is still very new. Again we have to look at the classification, 90% of them are small businesses or only two partners, those who run the daily operation itself is already very humongous task for these people and because there is no legal mandatory requirement now to account for all these costs, I think the practitioners themselves just take care of what’s happening on the ground, so they don’t have the vision and also the time to explore on these issues, but that is the reality of the situation”. (Interviewee, no. 6)

On the whole, both survey and interviews provide consistent results in that the awareness of accounting practitioners is considered low. Besides, the qualitative data revealed the hopes and expectations of the respondents on the awareness issue.

*Development of Accounting and the Profession in Malaysia*

The development of accounting and its effects to the Malaysian accounting profession were specifically queried in the interviews. The main intention is to explore the extent of their responses and reactions in relation to SEA practices in Malaysia, thus indirectly their awareness towards the accounting area was ascertained. For the most part of the interviews, very few instances that SEA issues were touched. This indicates the fact that either their involvement with SEA is minimal or non-existent and thus contributing to the low level of awareness on the subject. However, in some cases connections can be made to trace the possibility of the profession moving towards realizing elements of SEA in their practices. Others touched on the inclination of companies in developing accounts of their human asset, environmental degradation problems in the nation and development concerning accounting standards.

“In Malaysia, we have gone through a few accounting developments, we have the deposit taking problems, we had major scandals for example, I can recall one public company where its accounts were not available for seven, eight years. To me they only reflect as far as I’m concerned our level of ethical and moral code compliance for many reasons. I think there’s lack of enforcement by either the capital market regulations or even by the accounting regulators”. (Interviewee no. 2)
“The recent issues of Bukit Cahaya (Cahaya Hill) in cutting trees for housing development by developers could be the development in accounting that demands changes in the profession. It affects our eco-system and the environment so we need to strongly develop at all levels especially to developers, big and industrial companies the awareness towards social and environmental impact of business activities”. (Interview, no. 4)

“Accounting has traditionally emphasized quantitative performance. In view of changing needs of the economy as well as appreciation of human capital and environmental issues, the inclusion of environmental and social reporting is imperative in corporate Malaysia”. (Respondent no. 99)

In general, it appears that aspects of social and environmental responsibility are not among the main agenda of the accounting profession development in Malaysia and this factor partly is translated into the low level of awareness towards SEA/CSR. Nevertheless, concerns were expressed by both respondents and interviewees of the importance of SEA.

**Functions and Elements of SEA**

Five statements were put forward to measure respondents’ opinions and perceptions relating to elements of SEA and its functions towards business organizations. In this case, they were required to indicate their level of agreement from 1 (strongly disagree) to 7 (strongly agree) to the statements as outlined in Table 5 such as whether or not accounting should play a role and could influence company’s behaviour in tackling social and environmental problems. Elements of SEA were specified such as measurement of social welfare, accounting reports that include qualitative measures and non-financial information.

<table>
<thead>
<tr>
<th>Variables (1- strongly disagree, 7- strongly agree)</th>
<th>Mean</th>
<th>S.D</th>
<th>Median</th>
</tr>
</thead>
<tbody>
<tr>
<td>Functions of SEA (total mean scores 5.64)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Accounting roles in social environmental problems</td>
<td>5.60</td>
<td>1.1</td>
<td>6.00</td>
</tr>
<tr>
<td>Could Influence companies behaviour</td>
<td>5.67</td>
<td>1.1</td>
<td>6.00</td>
</tr>
<tr>
<td>Elements of SEA (Total mean scores 5.42)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measure social welfare</td>
<td>4.96</td>
<td>1.3</td>
<td>5.00</td>
</tr>
<tr>
<td>Reports qualitative measures</td>
<td>5.59</td>
<td>1.3</td>
<td>6.00</td>
</tr>
<tr>
<td>Reports non-financial information</td>
<td>5.72</td>
<td>1.2</td>
<td>6.00</td>
</tr>
</tbody>
</table>

As shown above, overall mean scores of 5.64 and 5.42 were obtained for functions of SEA and elements of SEA respectively. On the whole, they either agree or slightly agree with all the statements. Median values for single item of the questionnaires reveal that 50% of the practitioners agree (6.00) with the statements except that they only slightly
agree (5.00) with the statement that the idea behind conventional accounting should be changed from transaction-oriented system to a system of measuring social welfare.

A number of remarks made by the practitioners in the questionnaire indicated their inclinations towards the implementation of social and environmental accounting by business organizations. However, many of them expressed and explained the limited roles played by accountants in facing the social and environmental problems.

“Our accountants integrity issues; for the accounting fraternity to consider “reinventing” the role of the accountant base on the fundamental issue of integrity may lead to a dilution of the need for the accountant to be competent in his profession; first and foremost”. (Respondent, no. 7)

“Traditionally the role of accountants as bean counters rather then being actively involved in strategic operations and serve to justify financially decisions/actions already committed rather than before commitment being made”. (Respondent, no. 95)

“The government is to introduce regulations that require accountants to report matters relating to social environmental quality in their financial reports. Otherwise the financial report is reported to be unreliable to the public. The terms of social justice and environmental quality must be termed accurately so that they can be quantified in order to measure the true performance of a company”. (Respondent, no. 88)

More insights were gathered from the practitioners who were interviewed on the subject of accountants’ role in tackling social and environmental matters. On the whole, they went along with the ideas that the professionals should play a role in handling the issues but subjected to a number of factors such as the involvement of government, shareholders and the public in general.

“Company cannot start in case of materializing the social and environmental awareness and its accounting aspects. It is possible for an accountant to play a role and make a change and to start thinking about social and environmental impacts in the company’s book but the system has to be structured and the measurement matters are put in place. Enforcement from the government is crucial. A lot of educating to change the mindset of the society is needed so that they’re aware of the business’s operation which might impact them and the environment negatively. Once, a society is very conscious, business people should be conscious as well and dollars and cents support that, then only accountants can”. (Interviewee, no. 3)

“To the extent that companies are being managed by mortals, they've got to definitely think of all these because otherwise they are not carrying out their social responsibilities. Off course again it depends on the background of the individuals. If the individual has never appreciated moral and ethical codes, you
can never expect acceptance of corporate social responsibility. A company is just not an account entity; it is a socially responsible corporate entity. It has to be, so the issue of environment and the issue of social commitment becomes part and parcel of the company’s objectives”. (Interviewee, no. 2)

“I think by nature the accounting professionals wouldn’t want to take up this new thing whether or not they’re required because as I said, if they’re required, then they probably look at it. I don’t think they want to do it. Companies which see another disclosure that they have to make, so they see in terms of another thing that they have to invest so much, they need environmental standard”. (Interviewee, no. 5)

“It has got to have a lot of buy in. I think something to do with the long term view, the pressure of putting something, long term issues that you need to take into account now. Somehow I think accountants may have to find out how they’re to account for these costs and to be able to measure the cost and I think the accountants have to learn. Obviously there’ll be new methods, how to arrive at the costs that we need to impute or impose in the accounts for the future and so on. Given good training, there’s no such thing that you can’t learn. Somehow I think the society will need to reach a certain level before we can expect people to accept certain issue”. (Interviewee, no. 6)

One statement which is put forward in the questionnaire concerns influences of accounting towards companies’ behaviour in confronting social environmental issues. As indicated, the descriptive statistics show that they tend to agree with the assertion. However, questions as to whether it should influence, to what extent accounting is able to give effects and the ways it could affect companies behaviour dealing with social and environmental matters still remain. In this regard, written comments and remarks made by respondents and particularly insights and reactions of interviewees on these enquiries indicate that it takes more than accounting or accountants’ actions to materialize companies’ involvement with SEA.

“Accountants are limited to providing and justifying the numbers and they can make any changes in the decision making of a business operation if they can buy in the shareholders and unless the shareholders are educated and conscious in considering the society and the environment, it is possible for the accountants to pursue the idea of caring for the social and the environment in their business operations. The stewardship function has been put in place and functioning effectively. For this reason the accountants are powerless and the education of shareholders on social and environmental impacts from business operation is deemed to be important as to enable accountants exercising their role in taking into account the impacts”. (Interviewee, no. 3)

“The issue of environment and the issue of social commitment becomes part and parcel of the company’s objectives. The directors in management are the people who have been given the mandate to run the company. Whether or not the board
of directors make the right decision in terms of social and environmental responsibilities depends on who’s in the board director, the issue is enforcement. Enforcement is needed because there are bad elements”. (Interviewee, no. 2)

“It’s the difficulty of putting it into figures. Accounting standard is, you can say now is disclosure based, but again for example, if you’re talking about the environment, in your annual reports for example and the auditors have to verify, I don’t think the auditor would be very comfortable in verifying the figures, it’s like very subjective,”. (Interviewee, no. 5)

In the above case, it appears that accounting professionals are bound to confine their roles to producing financial information and as social and environmental matters involve additional investment or expenditure by companies, consent from the shareholders are deemed to be the priority.

Three elements which SEA promote, as indicated in the questionnaire, consists of measuring social welfare, qualitative measures and non-financial information. Although practitioners agree in general that these elements should exist and be accounted for especially in accounting reports, it is worth observing their views on the possibility, rationale and the way to conduct in realizing the ideas. The qualitative information offer useful insights in discussing this matter. A number of respondents expressed concerns with accounting professionals focus on financial matter and on the traditional view of financial accountability to shareholders.

“Too focused on financial reporting/ should develop more on non-financial reporting/include customer satisfaction reports/qualitative and statutory requirements”. (Respondent no. 7)

“Accounting professions are very concerned on the traditional view of financial accountability to shareholders. Performance is measured on quantitative aspects rather than taking into account the qualitative aspects. Recently they are moving towards those measures but not much emphasis has been made”. (Respondent, no. 47)

Relevance of SEA Issues
A list of SEA issues (see Owen et al. 1994; Gray et al. 2002) was outlined in the survey questionnaire to enquire the opinions of the practitioners on the relevance (highly irrelevant to highly irrelevant on a 5 point Likert scale) of each issue to the profession.

For analysis purposes, the fifteen issues were divided into seven categories in parallel to the traditional topics of discussion in accounting education. The seven categories outlined in Table 6 are:

1. Reporting (theoretical comparative international social reporting, environmental accounting for external reporting, financial social reporting and non-financial social reporting)
2. Conceptual framework (framework for social and environmental accounting, social accountability, the political economy of accounting and critical accounting)
3. Management accounting (environmental accounting for management)
4. Audit (social audit)
5. Investment (social ethical investment)
6. Human resource accounting (employee reporting, human resource accounting, accounting information and collective bargaining)
7. Sustainability accounting (sustainability development).

The results as shown in Table 6 below demonstrates that on the whole respondents indicated total mean scores of 3.80 to 4.19 for each category of the issues. For every issue, the median value is 4.00, showing that half of the practitioners tend to perceive the issues put forward by SEA as relevant. The mean score of slightly less than 4.00 is shown all issues except environmental accounting for management (4.05) while issue on environmental accounting for management received the highest score (mean value 4.05). Among the practitioners, 67.8% considered the issue as relevant while 19.7% thought that it was highly relevant. Issue pertaining to investment was considered least relevant (total mean scores of 3.80) compared to the other issues.

**Table 6 - Views of Educators and Practitioners on Relevance of SEA Issues/Areas (Groups means)**

<table>
<thead>
<tr>
<th>Relevance of SEA issues/areas (1- highly irrelevant: 5-highly relevant)</th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Reporting</td>
<td>3.83</td>
</tr>
<tr>
<td>Conceptual framework</td>
<td>3.91</td>
</tr>
<tr>
<td>Management accounting</td>
<td>4.05</td>
</tr>
<tr>
<td>Audit</td>
<td>3.83</td>
</tr>
<tr>
<td>Investment</td>
<td>3.80</td>
</tr>
<tr>
<td>Human resource accounting</td>
<td>3.89</td>
</tr>
<tr>
<td>Sustainability accounting</td>
<td>3.84</td>
</tr>
</tbody>
</table>

A number of interviewed practitioners provided some remarks upon queries on the relevance of the SEA issues and areas to be given priority. However, more of them acknowledged that the issues were new and complex.

“As far as SEA, it’s so much of MA (management accounting) actually. I think the first thing in accounting profession, if you want to impose or promote this SEA, it is an MA’s decision but how you want to put in the book, it goes back to cost control. It goes back to how much do I’ve to sacrifice or how much do you think people will react to my good deeds. So, in Malaysia, I don’t think our consumer really bother yet”. (Interviewee, no. 3)

“I’m not familiar with SEA. Definitely these are new issues. I’m not very much exposed about this issue in the newspapers, not in depth. A lot of these issues (referring to the list) are very complex issues. I certainly find some of these are
relevant; some of these costs have to be ascertained for either by the government or the accountant as the causes of the problems. I think there are a lot of issues that will come up out of that, reporting issues so on”. (Interviewee, no. 6)

These remarks imply that an appropriate system in recognizing measurement issues needs to be resolved and an enforcement or involvement by government is necessary in realizing CSEAR.

**CONCLUSIONS: Perceptions and Realities**

The responses of the accounting-related professionals suggest their positive attitudes towards realizing CSEAR although their awareness towards some concepts and development on SEA or CSR is not high. Their stance could be resulted from their perception that accounting for social and environmental aspects is a good idea but unpractical as one respondent commented:

“Social and environmental accounting is noble but not practical”. (Respondent no. 77)

It also appears that the development of accounting profession in Malaysia does not take into consideration of CSEAR aspects. However, the development of accounting standards which the profession is focusing include issues of compliance and transparency and this is hoped to safeguard companies from indulging into unethical business practices including the encroachment of environmental degradation cases.

Accounting is about measurement and as far as accounting is concerned, they are not equipped with a system in measuring costs involving social and environmental aspects. In this regard, enforcement from a regulatory body for companies to produce appropriate reports could be helpful.

The fundamental concept that accounting is to safeguard the stewardship function against the interests of the shareholders is ingrained in the orientation of the practitioners. The interests of shareholders who in many cases are to maximize profits are taken into consideration and whether they can be channeled into realizing the true meaning of CSEAR presents a challenge to the accounting professionals as commented by a respondent.

“Accounting professionals are concerned in maximizing profits/minimizing costs at the expense of social environmental costs. A lot of talks on social and environmental but not put into practice; what’s matter most for the accounting professionals in Malaysia is to maximize profit and minimize costs. Most of the companies are profit driven- maximize profit”. (Respondent, no. 78)
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