Research Note

Management Accounting and the Stakeholder Value Model

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Abstract

The landscape of business management is fast changing as businesses seek long term prosperity rather than short term profitability, in a world which is demanding more accountability from its business leaders. It remains unclear exactly what changes will be required as the new business environment continues to develop. We argue that contemporary managers should adopt a stakeholder view of their role in society, in order to maximise their company's overall returns to stakeholders, and thereby help maintain their company's long term sustainability. If managers do this, the nature of their decision-making and control environment will change. Thus the role of management accountants must change, to serve management decision making in the new environment. This paper explores the emerging business environment and the role of management accounting within it.

Keywords

Management Accounting
Corporate social Responsibility
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Sustainability

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Introduction

Management accountants have traditionally been taught, within an environment governed by the economic imperative, to aid managers to maximise short term profitability. Individual corporations have been thought of as operating in an environment of huge, uncontrollable economic forces, which they must endure in order to survive (Kelly and Oliver, 2003). However, some corporations have outgrown this environment; they are powerful and better able to control their operating environment than the traditional model suggests.

> *The contemporary large, professionally managed corporation – often with global scope and sales greater than the total output of some nation states – cannot be viewed as a microscopic enterprise at the mercy of market forces and government policies (Post, et al., 2002, p. 230).*

In this new environment, the need for corporations to become socially responsible has emerged. The advent of Corporate Social Responsibility (CSR) and the Stakeholder Value Model (STV) has changed the business environment, and is changing the information required to aid managerial decision making (Clarkson, 1995, Dawkins and Lewis, 2003, Galbraeth, 2006).

Since its inception, the marketplace has done a reasonable job of deciding what goods and services are produced, but it has not ensured that businesspeople always act fairly and ethically. In recent years various groups have started to question the relevance of the traditional model to their world. They have complained of (a) managers' lack of accountability to them (or anyone), (b) the inefficiency of their boards of directors, and (c) the excessive compensations paid to managers and board members. Businesses have become subjected to careful scrutiny from members of the societies that permit their privileged existence. The actions, practices, policies and ethics of managers have become more transparent in the global electronic age.

CSR involves managers taking responsibility for the results of their decisions not only on their own short term profits, but also on the natural environment, on society generally and on all groups that may be affected by those decisions (Adams, 2004, Gray, et al., 1996). Such groups are referred to as stakeholder groups. Stakeholder groups that are associated with large corporations, such as employees, customers, suppliers and NGOs[1] have started to demand explanations from the senior managers and boards:

> *As the public learns of corporate directors who claim to have no knowledge of admitted bribes, unlawful political contributions, and other chicanery, the question being raised… is ‘‘Who governs the corporation?” …”Is corporate management really responsible to anyone except itself?”… ‘‘Who governs the giant corporation, and for whom is it governed? The shareholders? The management group? The directors? Other stakeholders? The government?” (Carroll and Buchholtz, 2000, p. 550).*

The questioning environment that has evolved around the large business corporations heralds a new age in corporate governance (Ratnatunga and Ariff, 2005, Ratnatunga and Alam, 2007). Senior managers are under pressure to demonstrate that their companies are socially responsible corporate citizens. There is a demand from members of society for corporate managers to acknowledge CSR when making decisions that will affect society; that is most corporate decisions. Traditional management accounting systems do not aid managers to respond to such demands. However, according to Carroll and Buchholtz (2000):

> *Only a few businesspeople and academics argue against the fundamental notion of CSR today. The debate among business people more often centres on the kinds and degrees of CSR… Among academics, economists are… [most strongly] against the pursuit of corporate social goals. But even some economists no longer resist CSR on the grounds of economic theory (p. 39).*

The adoption of CSR by businesses implies a commitment to their stakeholders and the adoption of the S*takeholder Valuation Model* (STV). The STV model broadens the relevant range of corporate performance criteria beyond short-term profitability and growth, to include the long-term interests of multiple stakeholder groups that are recognised as being critical to a corporation's success. Powerful organisations that choose not to consider the effects of their decisions on their stakeholders may not be tolerated in contemporary society.

Once the relevance of stakeholder groups to the success of a corporation has been recognised, it follows that the inter-relationships with the stakeholder groups must be managed. In this paper we describe the traditional narrow economic role of management accounting in business, and explain why change is necessary. We describe the stakeholder valuation model more fully, and go on to explain the need to merge humanistic values into business practices. We discuss briefly the management of the STV environment, before we conclude that the role of management accounting must evolve better to serve the changing business environment.

The Traditional Role of Management Accountants: The Need for Change

Traditionally, accounting systems have ignored the social and environmental consequences of business activities. They have concentrated only on economic transactions. If corporations recognize CSR, management accountants have the opportunity to take responsibility for providing information on the corporations’ social and environmental performances, as well as their economic performances. Some firms may recognize the ‘business case’ for CSR as involving the development of financial accounting systems to

[1] The group "Non-Government Organisations" (NGOs) contains pressure groups in society. They are able to exert power on corporations by organising and motivating public opinion. Examples of such groups are Greenpeace and Oxfam.

demonstrate their CSR activities to external audiences. We argue that CSR requires new organizational processes to evolve so that managers are able to embrace CSR and employ STV; and that it is the management accountant's responsibility to ensure that such processes do evolve.

Kelly and Pratt (1994) summarises the history of management accounting, noting that although the practices of management accounting can be traced back to the nineteenth century, the first known textbook emerged in 1950, written by Vatter, and titled *Managerial Accounting*. Vatter argued that ''management accounting has the purpose of supporting managers, not of reporting to owners" (p. 316), a change from the predominant role of the financial accountants. The rise of management accounting out of a neo-classical economic paradigm has influenced the training of management accountants. We believe that management accounting education must change with the emergence of the CSR/STV decision models.

We suggest that the role of the management accountant is to assist managers in the realisation of goals. It follows that the desired goals must be identified, and the information required best to help achieve those goals must be determined. With the advent of CSR, the ''theories and techniques" taught to management accountants may need to be expanded to include a more holistic approach to the role of management accounting in the changing business environment. O'Dwyer (2001) discusses the role of accountants in the emerging social and ethical environment. He notes that the large accounting firms are making significant income from involvement with CSR types of accounting, making it arguably mainstream. O'Dwyer puts the role of management accountants as central to implementation of CSR strategies. Management accountants create management information systems, which provide information that is necessary to ''produce social accounts" (p. 30). He suggests that, given that accounting firms such as KPMG (UK)[2] are fully engaged with social accounting and auditing, such practices need to be addressed in the training of accountants.

The Stakeholder Value Model

Stakeholder management requires senior corporate managers to obtain an understanding of the concerns and goals of all relevant stakeholders. These matters must then receive knowledgeable and respectful consideration by corporate management. Effective stakeholder management involves organisation-wide core commitments to humanistic values, continuous learning, and adaptive behaviour. To allow these to evolve, corporations must develop: (a) an appropriate organisational structure, (b) relevant strategies, and (c) appropriate practices. There must be a corporate acceptance of the integrity of other organizations and interests, and the general public. Commitment and learning become essential to the creation of organizational wealth through stakeholder management. It is necessary for managers to learn about stakeholders and therefore, in this decision arena, management accountants must provide information on stakeholder developments.

If properly implemented, stakeholder management should provide better societal outcomes to the public. However, the public itself is rarely well represented at board room tables. Various pressure groups in society may find their way to the board room tables, and participate in an oligopoly of power that continues to under-recognise the equitable requirements of the general public. Good managers must work hard to prevent such developments. Although it must be recognised that not every stakeholder wish can be granted, reasonable attempts of various groups of stakeholders

[2] KPMG (UK) is estimated to have earned 20 million pounds from its social accounting division between 1999 and 2002 (Watts, 1999, cited in O'Dwyer, 2001). But as O'Dwyer states, "The provision of this service is tied in with KPMG's perceived core competencies. Emphasis focuses on addressing the full range of business risks including criticism from the media and pressure groups, which is perceived as threatening value creation…" (p. 29).

to exert force on the corporation have to be recognized as legitimate, even when the actions requested are not conceded to.

Sundaram and Inkpen (2004) believe that the only appropriate goal for managers in the modern corporation is to follow the Friedman approach, which recognises the only responsibilities of management to be the maximisation of shareholder value. To think in terms of the stakeholder model increases the complexity of decision-making. It is difficult for managers to decide which stakeholders' claims should be given priority in a given situation, and which should be declined. Managers and directors need to be able to assess stakeholder salience[3] in order to prioritise the requirement of the corporation while interacting with its stakeholders; this is difficult.

Although senior managers must understand and respect the concerns and requests of all stakeholders, it must be recognised that not every stakeholder wish can be granted. Reasonable attempts of various groups of stakeholders to exert force on the corporation have to be recognized as legitimate, even when the actions requested are not conceded to.

> *Stakeholder-oriented firms often seem to be motivated by normative considerations that underlie a pervasive organizational commitment to humanistic values for their own sake. Both the rhetoric and the actual practices of these firms reflect recognition and respect for the integrity and intrinsic merit of the individuals and groups with which they come into contact (Post, et al., 2002, p. 79).*

In the early 21st century environment some managers continue to observe business life through the traditional corporate governance model. To think in terms of the STV increases the complexity of decision-making. It is difficult for some managers to decide which stakeholders' claims should be given priority in a given situation, and which should be declined. ''Despite its complexity, however, the stakeholder management view is most consistent with the environment that business faces today" (Carroll and Buchholtz, 2000, p. 86). ''In actual practice, however, many managers have not yet come to appreciate the need for the stakeholders view" (ibid. p. 66).

> *The stakeholder view emphasizes the importance of an organization-wide commitment to humanistic values and ethical practices as a basis for ''organizational morality." It is not competitive with other perspectives, but complementary and integrative. (Post, et al., 2002, p. 239).*

The economic approach to corporate governance suggests that a corporation will succeed by accumulating resources and/or enhancing its competitive position. It is true, that such outcomes will often help managers to succeed in the short-term, but the STV model recognises that other factors will also contribute to success in the long-term. Through adopting the STV model, the best managed of such companies will be a good: investment, employer, customer, supplier, and citizen. The STV model recognises the strengths of technological leadership and good financial performance but it also demands commitments to humanistic practices, honesty and equity.

In today's society corporations are linked economically and socially, voluntarily and involuntarily with numerous stakeholders. The stakeholders may contribute to, or be impacted by, the corporations' successes or failures. The stakeholder view of the corporation recognizes these reciprocal interdependencies. In the 21st century, all large corporations are networked into society. The creation and preservation of organizational wealth in the modern economy depends on the development and maintenance of favourable relationships within these networks. ''The commitment to creating organizational wealth in a manner that is economically,

[3] In this context "salience" refers to the 'pecking order' in which the multiple stakeholder groups should be ranked with reference to the issue under consideration. This order will change from issue to issue, and from time to time.

technologically, and socially sustainable[4] challenges conventional thinking about the nature and sources of corporate success" (Post, et al., 2002, p. 241).

In highly competitive industries within a rapidly changing global economy, a firm's continued acceptance by its stakeholders, resulting in its survival over time, is not ''anything". These firms have not only survived but have grown their lines of business, made acquisitions and entered into new alliances, while others in their respective industries have vanished or become integrated into other enterprises. Under these circumstances, business survival, growth, and stakeholder support have to be regarded as strong indicators of ''success" (ibid., p. 247).

The Anglo-American focus on short term profitability has been on the ascendancy throughout the 20th century in the Western world but this may not be the best of developments, as Carroll and Buchholtz (2000) explains:

The traditional American and British view, wherein a public company has the overriding goal of maximizing shareholder returns [contrasts] with the view held by the Japanese and much of continental Europe, wherein firms accept broader obligations that seek to balance the interests of shareholders with those of other stakeholders, notably employees, suppliers, customers, and the wider ''community (p. 64).

The role of business in Anglo-American society needs to be revisited. What should be the driving force(s) that determine how businesses should be run? Which stakeholders should have a right to influence business decisions? What balance should be struck between economic, social and environmental concerns?

The challenge of stakeholder management is to identify correctly and comprehensively the corporation's stakeholders and recognise those stakeholders who have the most power to influence the long-term viability of the corporation. These stakeholders can be recognised as primary stakeholders. Management must ensure that the concerns of the firm's primary stakeholders are addressed and resolved as completely as possible, while other stakeholders are dealt with ethically and are, whenever possible, also satisfied.

Without economic viability, all other stakeholder interests that may have been recognised by alert managers must be denied any further support from the failed corporation. This axiom is sometimes used to illustrate the omnipotence of the economic model, but its usefulness is only of short-term value. It is better for managers to be aware of the possibility that economically successful corporations, in the medium term, may create localised living conditions that are inhumane for both environmental and/or societal reasons[5]. By then Western society, and even humankind, may be destroyed. This would leave no habitat in which economic theories might have merit:

Capitalism now faces a fundamental challenge to the legitimacy of the largest corporations and to the way rewards are distributed in the free enterprise system..... Everywhere the threat of unemployment is felt to be imminent.....

[4] "Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs……Development involves a progressive transformation of economy and society…..But physical sustainability cannot be secured unless development policies pay attention to such considerations as changes in access to resources and in the distribution of costs and benefits. Even the narrow notion of physical sustainability implies a concern for social equity between generations, a concern that must logically be extended to equity within each generation" (World Commission on Environment and Development, 1987, p.43).

[5] Problems... range from global warming, ozone depletion and the collapse of some ocean fisheries to social problems such as the deaths of 37,000 children under the age of five every day (mostly from diseases from which there are inexpensive cures) and the death of some 585,000 pregnant women and mothers every year (Elkington, 1998, p. 20).

growing numbers of people are wondering whether we can rely on capitalism to deliver anything approaching a sustainable future (Elkington, 1998, pp. 26/27).

It is important to recognise that the STV model is not to be encouraged as an alternative approach to the economic view. Rather the STV is a balanced approach that requires the satisfaction of corporate economic, environmental and social responsibilities before, perhaps, philanthropic actions are contemplated for the purpose of achieving long-term advantages in society or simply for altruistic reasons. Any corporations that were exclusively to opt to pursue altruistic programmes in preference to economically sound programmes would probably not survive for long in the current business environment. However, the advocates of the STV believe that a balanced approach to corporate management should demand that managers accept environmental and societal responsibilities, and may engage in some philanthropic acts, in order better to merge the existence of powerful corporations in society with societal requirements. By doing this, managers can provide overall organisational outputs that are 'goal congruent' with the aspirations of the members of the host societies. This should allow such corporations to be valued in society and, become most likely, to enjoy a sustained existence.

Evidence of the Merger of Humanistic Values with Business Practices

Post, et al., (2002) state that, ‘‘Recognition of the impact of humanistic values is not only critical for the long-term success of the individual firm; it is even more important for the survival of the corporate system as a whole” (p. 255). However, it also recognises that, ‘‘Many experts still deny that the interests of other critical stakeholders, beyond those of the shareowners, contribute to corporate success over the long term [although] there is considerable evidence to the contrary” (p. 243). Unfortunately, the evidence is not conclusive; perhaps partly because the STV is an embryonic perspective in corporate management and it has not had time to demonstrate its strength. As Post, et al., (2002) admit:

We do not claim statistically reliable evidence to show that stakeholder management is positively associated with profitability, growth, stability, or other economic performance indicators. Still, there is every reason to believe this is the case; and many case studies and extensive executive testimony support this belief. Recognition of the importance of favourable stakeholder relationships by corporations is reflected increasing public commitment to broad societal objectives, as in the case of Shell's6 commitment to the ‘‘triple bottom line” of economic, environmental, and community impacts (p. 242).

Post, et al., (2002) does provide some preliminary evidence that supports the proposition that corporations which choose to adopt a STV may outperform those that continue to embrace a more traditional management perspective:

[A study] focusing on the 500 largest public corporations found that those that mentioned their commitment to stakeholder interests and codes of conduct in their annual reports (more than 100 firms) reported superior financial performance to those that did not (Verschoor, 1998). Another study… indicates that managerial attention to employee and customer stakeholders is associated with favourable financial performance (Berman, Wicks, Kotha, and Jones, 1999), (p. 28).

Carroll and Buchholtz (2000) also provide some evidence to support the STV perspective:

[6] Shell now recognises itself (and all businesses) as a part of society, rather than an entity in competition with society, "The distinction between ‘business’ and ‘society’ is artificial. Business and corporations are social entities, created in the context of larger interdependent cultural, political and sociological systems (Shell 1998, p. 15).

[Is there] a demonstrable relationship between a firm's social responsibility or performance and its financial performance? Unfortunately, attempts to measure this relationship are typically hampered by measurement problems… Lee Preston and Douglas O'Bannon examined data from 67 large U.S. corporations… and concluded that, ''there is a positive association between social and financial performance in large U.S. corporations" (p. 53).

Covenant Investment Management… found that 200 companies ranking highest on Covenant's overall social responsibility scale had outperformed the Standard & Poor's 500-stock index during the 5 years (1988-1992) (p. 54).

In recent years a number of organisations have evolved to provide information on socially responsible investing[7]. They give advice not only to private investors, many of whom were raised in the societally active 1960s era, but also to the investment managers of mutual funds targeted on socially responsible investments, pension funds and church groups. The influence of the suppliers of socially responsible investing information is therefore substantial in world markets, and growing.

Some companies have made much progress in adapting themselves for the CSR environment, as shown in Table One.

Carroll and Buchholtz (2000) suggest that:

Criticisms of business and cries for corporate social responsibility have been the consequences of the changes in the business/society relationship. The stakeholder management approach… has become one needed response. To do less is to refuse to accept the realities of business's plight in the modern world and to fail to see the kinds of adaptations that are essential if businesses are to prosper in the present and in the future (p. 86).

[7] An example of such an organisation is ETHIBEL, It was established in 1992 and is based in Brussels (www.ethibel.org).

However, not all commentators agree. The little evidence that is available to support the statement does not provide convincing evidence of any cause/effect relationship. It might be that those corporations that are performing well financially become more willing to allocate more of their discretionary spending to social causes, than companies that are struggling financially. Thus the financial performance may drive the societal performance rather than vice-versa.

The degree, to which the STV is accepted within those companies that do profess some acceptance of it, is also variable. In some companies STV may become part of the Mission Statement; it then requires no further justification. Others may accept STV as a Goal (ambition), and may refer to it often when considering their decision parameters. Yet others may take on STV as a strategic manoeuvre because they believe it to be the best route to achieve their 'higher' (economic?) goals. Management teams that adopt STV within a strategic approach may view stakeholders as impediments to be taken into consideration, and managed, while they attempt to maximise profits for their shareholders. The success of this ploy will then be judged in terms of profitability.

Managing the Stakeholder Valuation Environment – A New Role for Management Accountants

If a company does decide to adopt the STV approach to management, it must decide:

(a) Who its stakeholders are?
(b) What stakes each group should be recognised as possessing?
(c) What opportunities/challenges do the stakeholders present to the company?
(d) What responsibilities to the stakeholders should the company recognise?
(e) What actions are implied by the above, should they be taken?

These questions cannot be satisfied with static answers in a fast changing world. They must be asked regularly and thought about carefully.

Table One: Examples of CSR Adaptation

The Acer Group (p.58) One of the largest computer companies in the world, based in Taiwan. The customer is number 1, the employee is no. 2, and the shareholder is no. 3. Lincoln Electric Company (p. 59) Based in U.S.A. Employee satisfaction is more important than shareholder value. Absentee stockholders are not of any value to the customer or to the worker, they have no interest in the company other than greater dividends and advances in the price of stock. Johnson & Johnson (p. 61) Based in U.S.A. Our first responsibility is to the doctors, nurses and patients [its product users]. We are responsible to our employees. We are responsible to the communities, in which we live and work. Our final responsibility is to our stockholders. *Source: Anthony and Govindarajan (2001)*

In the authors' experiences it has been common to find that different senior managers and directors within any given company will rank the importance of various stakeholder groups differently, and will sometimes identify substantially different lists of stakeholders. The following diagram indicates how managers might evaluate the risks to their business, and necessary responses required, from various stakeholder groups that have different levels of interest and power in relation to their business.

The power and interest of various groups will change from time to time. Normally governments will be very powerful but have little interest in a particular corporation at a given time. NGO's may appear to have little power but may become very powerful if urgent prerogatives that they generate are not satisfactorily dealt with; they may mobilise public opinion against the business. If STV is adopted then considerable effort must be spent in managing the stakeholder relationships for the benefit of all concerned. The management accountants must continue to recognise their responsibility to provide relevant information for economic decision making on a timely basis, but they must also determine what additional data they can produce to enable managers to be proactive in the STV environment.

Table Two: Stakeholder Mapping Matrix

	POWER/IMPACT	
INTEREST	***Low Power/Impact***	***High Power/Impact***
High Interest	Keep informed	Key players
Low Interest	Minimal efforts	Keep satisfied
Adapted from Johnson and Scholes, 1999		

Management Accounting and Sustainability

Conventional management accounting systems often fail to provide information reflecting the full consequences of organisational activities (Bennett, et al., 2003; Schaltegger and Burritt, 2000; Henson and Mowen, 2005). With its focus on internal operations, the traditional system defines costs and benefits in financial and operational terms and aims to enhance shareholder profitability. Conventional management accounting does not attempt to report on managerial decision outcomes of a societal or environmental nature. The role of management accounting needs to change; it must internalise external costs to the community, in to the corporate decision models.

Management accounting systems can provide social and environment information for developing better control and resource allocation systems (Adams, 2002, 2004). There is a 'business case' for promoting sustainability in order to obtain an improved corporate image and better relations with stakeholders (Deegan, 2002; Deegan and Gordon, 1996; Adams, 2004; Hensen and Mowen, 2005; Bartolomeo, et al., 2000). Recent corporate collapses, such as, Enron and WorldCom, have increased interest in the role of accounting in looking after the interests of stakeholders (Ratnatunga and Alam, 2007). Relevant management accounting information systems can help managers to demonstrate to multiple stakeholder groups, their commitment to agreed objectives (Hanson and Mowen, 2005).

Several studies on environmental accounting and corporate social responsibilities have demonstrated how well constructed disclosure practices can be used to evidence: equal employment opportunities, product safety, creditable organisational donations, industrial safety, employee entitlements and working conditions (Clarkson, 1995, Gray, et al., 1996, 1997). Such disclosures cannot be introduced unless accounting systems are created to produce the relevant data upon which the ongoing disclosures can feed.

Research has been undertaken in attempts to discover why some managers are starting to provide disclosure to stakeholders on matters that they have no legal duty to report on (Deegan, 1996, 2002; Hart, 1997; Jaggi and Freedman, 1992; Milne and Chan, 1999). The results have been somewhat inconclusive but it does appear that while financial accounting tends to focus on complying with disclosure responsibilities, management accounting is sometimes used to provide information in order to increase stakeholder values (Hansen and Mown, 2005, Burritt, et al., 2003). Management accounting information systems may be introduced in order to help reduce waste, reduce energy consumption, or improve product design. Such systems can lead to improved organisational performance (Hart, 1997, Milne and Chan, 1999).

Management accounting systems often contribute to two important issues: measurement of environmental practices and performance evaluation. Under conventional costing, costs relating to sustainability are included within manufacturing overheads, and may often appear easy targets for cuts in order to increase short term profitability. Contemporary management accounting systems need to split out sustainability costs from the other costs of manufacturing, and attempt to match them with the real gains that might occur if the corporation is able to move towards sustainable business practices in the contemporary business environment (Bennett, et al., 2003; Hensen and Mown, 2005; Ratnatunga, 2007).

Various calls have been made for expanding the scope of performance measurement and reporting beyond financial measures of performance (Gray, et al., 1996; Ratnatunga, et al., 2005). For example, the Balanced Scorecard (Kaplan and Norton, 1992) measures performance from four different perspectives: financial, customer, internal business, and learning and growth. Kaplan and Norton (1992) claim such performance measurement systems provide importance to competing needs of the organisation. Following

Kaplan and Norton's Balanced Scorecard framework, several authors have attempted to develop Sustainability Balanced Scorecards (Moller and Schaltegger, 2005; Marc and Wisner, 2001).

Ratnatunga, et al., (2005), in fact, prescribe a process and metrics for a holistic approach to value-based reporting, combining the reporting issues raised by the economic, environmental, social, governance and empowerment frameworks within a 5-STAR Reporting Index^{TM} for the ranking of all publicly listed companies. To assure that companies do not 'window dress' their annual reports, they call for the conduct of Strategic Audits, which are far different from the common perception of financial audits. They involve the continuous evaluation of all the strategic functions of any success-seeking firm. Due to such a wide scope, strategic audit issues are pertinent to management accountants, business analysts, audit directors, senior managers and executive-level management, as well as those aspiring to become responsible for who oversees audit, security, compliance and control functions. Ratnatunga, et al., (2005) argue that Strategic Audits should not only dwell on highly technical matters, but also provide management and other stakeholders a perspective on information systems and technology issues at the strategic level.

Conclusion

Although the traditional corporate governance model is still adopted by many academics and business people today, it has been abandoned by some large companies in favour of the STV model that demands a different role for business in contemporary society. The STV model incorporates economic considerations but additionally requires managers to consider their companies' corporate social responsibilities. Managers must recognise that their stakeholders may sometimes value, to some extent, lack of environmental damage and/or highly ethical societal behaviour, ahead of profitability.

Some contemporary managers have realised that the traditional corporate governance and internal reporting models are neither ethically, or pragmatically, suitable for maintaining the long-term health of their companies. STV provides an alternative perspective for managers to adopt. Managers adopting STV require additional information to enable them to consider the additional issues raised by the STV model. It follows that the role of the management accountant must change also; if the necessary additional information is to be provided by management accountants. Management accounting professionals must work hard to redefine their role in the emergent business environment, if the profession is to survive. There are many questions to research and answer in order to allow tomorrow's managers to be provided with the 'right' information for their decision-making purposes.

Managers, investors and all concerned must accept that in the contemporary world, the wealth of a corporation is not merely the property it owns, the financial resources it accumulates, or even the intellectual property it develops. Above all, managers must work to ensure that their companies are welcomed as legitimate institutions in the societies where they choose to do business. Such assurance, if earned, will provide companies with the best chance of obtaining sustainable existence in our changing world.

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