

The Personnel's Rethinking Extensive Growth Policy as a Basic for Corporate Sustainability Accounting

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Abstract: All economic theories focusing on the nature of the firm agree in presupposing that an increasing economic result is the self-evidently positive phenomenon. Such an assumption has significantly influenced on the economic agents' behavioural patterns. But as the world approaches to its "full state", the lack of adequacy of the economic theory and the reality described increases. However, managerial thought and behaviour, adoring egoistic rationality and freedom of choice, are resistant to both moral and regulative incentives to change towards sustainability. Thus, the only effective way to inspire changes seems to be appealing to managerial rationality and showing benefits of conducting business in an environmentally and socially responsible way. Therefore, corporate sustainability accounting should be based upon indicators of the very rethinking, revealing deeper psychological characteristics of assumptions in addition to traditional effects of an enterprise's greening that may be frivolous and insincere

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1 The Basic Theories of the Firm: Key Assumptions

The firm's phenomenon has attracted economists' attention since the end of the nineteenth century. J.-B. Say is considered the first researcher of the firm. He has defined it as "an enterprise, converting production factors into consumers' values". However the first complete theory of the firm is the neo-classic one, with the axiomatic core created by A. Marshall; it has dominated till now. Within this theory, the firm is considered as a black box system that operates under the perfect competition without affecting the market. The firm is also believed not to have specific actives, and to behaves in an absolutely rational way, i.e. to target maximum of own benefit [3].

Later alternative theories of the firm occurred, as reactions to changes of the economic reality described. Among them the institutional one is the most significant; it was provoked with development of large enterprises, and it goes beyond the neo-classic simplification concerning the perfect competition. R. Coase in "The Nature of the Firm" offered another concept: he considered the firm as a set of contracts, both external (transaction costs) and internal (control costs); the former are stated to define the firm's minimum, whereas the latter ones show the maximum [8].

One more mile-stone in development of the theory of the firm has been put by H. Simon's concept of bounded rationality. Within this approach man's rationality is seen to have bounds, caused by the brain's failure to treat all factors affecting a problem; thus, one's rationality is no further than their interpretation ability. This may be a reason to revise the neo-classics' attitude to the *profit maximization* as the firm's goal; instead, as a more adequate alternative, H. Simon offers the *sufficient profit* [4].

All theories describing the firm, both real and ideal, agree in presupposing that an increasing economic result (e.g. profit, income, etc.) is the self-evidently positive phenomenon.

2 Reciprocity of Economic Theory and the Reality Described

Like all sciences focusing on the society, the economic theories have a power to affect what they study. This happens because economic agents deliberately "fit" their expectations and behavioural patterns to theoretical statements they have ever perceived. The philosophers of management within different scientific schools have paid much attention to this phenomenon. P. Drucker depicts it in the following words: "the paradigm of management is based on assumptions of reality. However, the assumptions themselves significantly influence the reality described" [2, p.5]). Closely to this, V. Polterovich states that "the variability of economic realities is partly explained with the return influence economic that theories exert upon economic behaviour" [12]). T. Saaty and K. Kerns also find it reasonable that "the future goal believed in can influences present actions" [13, p.20]).

Due to the reciprocal influence, economics is more responsible than any of natural sciences. As P. Drucker says, "the paradigm of a natural science does not influence the objective physical world; whatever theory we accept, for example, that the Sun rotates around of the Earth, or on the contrary, that the Earth rotates around of the Sun, it will not affect neither the Sun, nor to the Earth " [2, p.5].

Considering profit maximization as the only firm's goal, that originates from economics, has been incorporated into economic agents' consciousness and has become an obligatory feature of the present-day reality. Such situation is observed not only at a micro-, but also at a macrolevel, where we still have GNP as a key progress indicator.

3 A Necessity to Rethink the Extensive Growth Paradigm

However thinking of growth as of the indispensable good, incorporated at the most beginning of an economic idea's generation, now seems more and more short-sighted and inadequate to the situation formed as a result of the idea interrogated.

Business environment changes radically, and it becomes more obvious, that the further satisfaction of growing population's needs by means of economic systems' extensive growth will soon become impossible. Being expressed figuratively, "the empty world" is getting crowded, and the nearness of its physical borders is perceived yet (fig. 1).

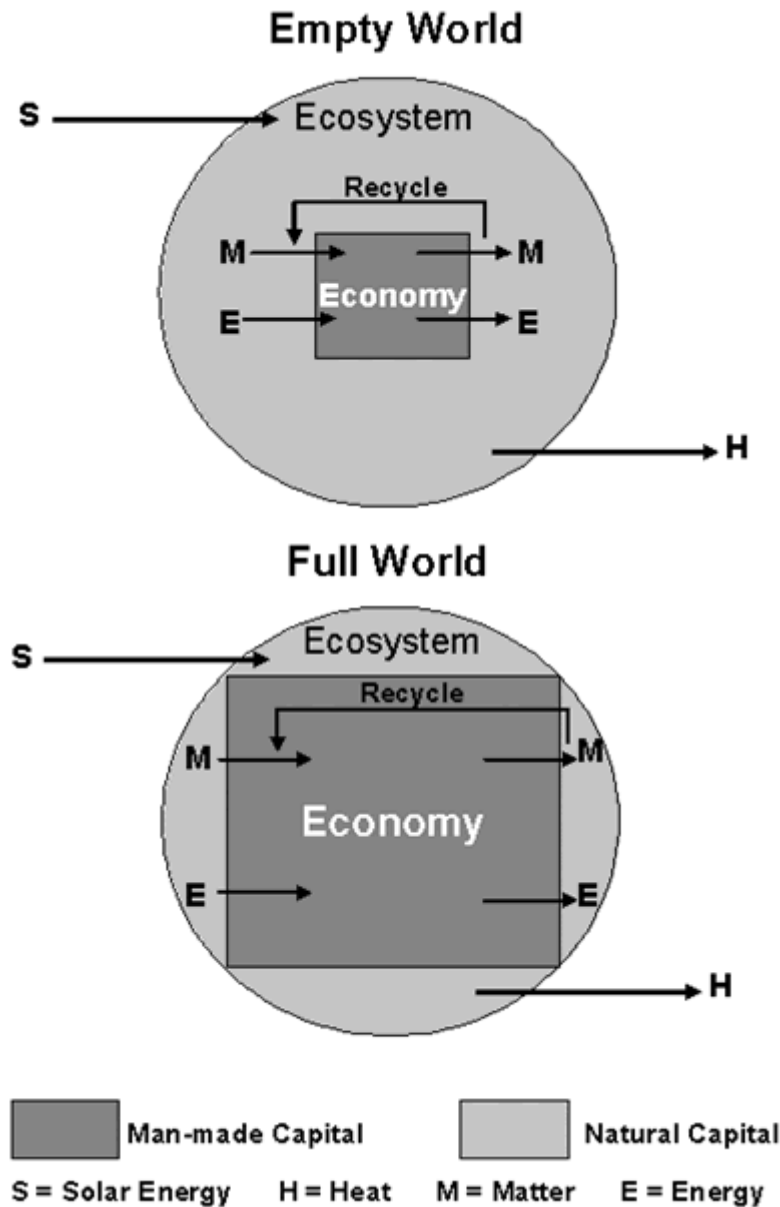
In addition to this, aspiration for extensive growth - using analogies from evolutionary ecology - is rude organism's characteristic: "primitive organisms' survival strategy is based on growth of number, at the same time complicated ones aspire for population's balance maintenance" [11, p.42]. Continuing evolutionary analogies, we can compare mankind with a population of colonize-strategy, filled its niche, but accustomed to expand.

4 Resistance Mechanisms of Traditional Managerial Thought

These conclusions - about "the filled world" - are not certainly new. Since 1970, existing tendencies' forecasts for inevitability of the global collapse connected with shortage of natural resources and change of a climate getting louder.

Academics (mostly of noneconomic direction) time and again (for example, in [10]) emphasize on theorists' and practical managers' "immunity" to obvious conclusions about inevitability of general adversity. Sustainable Development supporters up to now, when mankind is going to overstep the convertible processes' border and toe the line of self-destruction (for example, in [7]), are astonished with egoistic economic behaviour patterns' survivability.

Figure 1: Change of economic reality



Source: (Daly, H.E., 1996. Beyond Growth. Beacon Press, Boston, MA.)

Operating with categories of morality, Sustainable Development concept's apologists offer voluntary "putting down business appetites" as the only way to cure the situation. Other researches suggest taking advantage of regulative methods to influence it. This method's popularity is regularly growing as increasingly growing governments' number understand the necessity of joint actions while solving actual problems and initiate corresponding legislative restrictions.

These methods, undoubtedly pursuing the "correct" purpose, are necessary but not sufficient to guarantee true (not declarative) changes of a modern reality.

Perception of any theory, variant from the traditional one, is not a trivial question and can be explained not only by recipients' unwillingness to remodel accustomed ideas. In case of changing economic axioms, the peculiarity of the old principles, changing economic reality in a special way, takes notable place.

Administrative governmental influence threatens with sabotage of new rules, as economic agents are accustomed to display "free" rational behaviour. S. Kara-Murza marks

inefficiency of compulsory mechanisms to influence economic system's functioning even in the developed countries: "Carried out under pressure of ecological movements (and even the Congress of the USA), "green masking" meant only phraseology's changes. No one intended to overview fundamental positions of development model" [10]).

However, we should notice that not even governmental "violence" of market economy is the very reason that prevents transition to Sustainable Development principles. Economic agents principally don't understand their separate, "atomistic" contribution to the general result. The idea of each concrete economic agent's "atomisticity" is researched and explained as follows: "During Scientific revolution the new apprehension full of Newtonian mechanicalism was generated. It also provoked the main dogmas of management philosophy and corresponding anthropological model (homo economicus). In this model, an individual is an atom of mankind, functioning as rational economic agent" [10].

The similar idea is stated with H. Simon: "It is a standard in economy to use mechanics of Newton and to search for economic equivalents in laws of movement. However, it seems not the only model of science, and it is not correct for our purposes" [4].

In esse! What common between separate economic agent and inevitability of general adversity is? What should he do - coo to change own "individual" behaviour? But it is irrational! And it is twice irrational, having ventured to change it, to hope that other economic agents will operate in the same way.

We consider that this western civilization's economic agents' over-rationality is the very reason for failure to implant a component of "sustainability": any administrative methods will cause change in slogans without change in actions, as appealing to morality will cause sincere misunderstanding - as incompatible with the most economic logics.

In addition to this, to explain the difficulties of transition to Sustainable Development principles, we should note Economics' inertness. Some researchers note that Economics have missed a mass of opportunities to updating its axiomatic principles, thereby deepening peculiarities of its development and reducing chances to change the direction in the further. To make evident this idea, S. Kara-Murza narrates the history of natural resources' limitlessness postulate's revision. The origins of this idea are presupposed in some a jocular way: "It is complex to reveal rational sources of this dogma, obviously contradicting to common sense. The certain influence must be made by physiophilosophy and alchemists belief in elements' transmutation and their growth within Earth. This belief, perceived by physiocrats and peculiar to A. Smith's works, was uprooted from scientific thinking but continued its existence in Economics, even though in a cleared of obvious mysticism view" [10]. S. Kara-Murza also points to Economics' "stability" in ignoring arguments concerning the dissonance of ideas and reality described. The researcher mentions such alerting works as "The Coal Question" (W.S. Jevons, 1865), "About Stocks of Energy in the Nature" (R. Clausius, 1885), "Energetic Sociology" (W. Ostwald, 1909), and O. Nojrat's works on necessities to include a power component into economic calculations, etc. Being expressed figuratively, Economics has for a long time been avoiding considering "an oven and a pipe" in its model.

5 Lack of Adequacy as Opportunity to Rethink Key Assumptions

In the light of the above negative tendencies, we should however mention higher flexibility that both economic knowledge and reality it describes show nowadays, though this may be caused by the 'frontal prang' with an unforeseen situation. Thus situated, we consider it necessary to change assumptions of the economic reality resolutely, and to do in a way appropriate to rational, free and egoistic economic agents. The very voluntary and sincere acceptance of changes in the theory of the organization, which further determine economic agents' both expectations and behavioural patterns, gives a chance to make the potential of

sustainability principles actual. To do this, we should appeal to economic agents' rationality, emphasising that new behavioural patterns give benefits to them, in the meaning of 'benefits' they are accustomed to.

A proper methodology to build the economics of sustainability is treating the economic reality as a general scientific problem, e.g. describing economic agents as abstract, free of economy context objects of study. Generally-posed, a problem promises much more chances to be solved. As A. Bogdanov wrote in 1920s, "All experience of the science convinces us that the opportunity and probability of solving problems increase if they are posed generally. For instance, if the question on distance from the Earth up to the Moon had been considered as unique, the answer would not have been found till now" [6].

Besides, posing problems generally will allow not only to settle current problems, e.g. of resources and climate, but also to forecast new problems, which seem to become further frequent, and to prevent them.

6 Ways to Inspire Rethinking

As a mean to counteract the atomisticity formed, we think it is potentially efficient to take advantages of system approach while describing economic agents' behaviour. R. Ackoff writes: "the system thinking changes the order of three steps of the "machine" period's thinking: 1) decomposition of what it is necessary to explain, 2) an explanation of behaviour or properties of the parts taken separately, 3) aggregation of these explanations in an explanation of the whole. In the system approach it is possible to allocate three steps, too: 1) identification of the whole (system) embraces the interested subject, 2) an explanation of behaviour or properties of the whole, 3) an explanation of behaviour or properties of the interested subject from the point of view of its role or functions in a whole" [5, p.40].

The explanation of economic system from such point of view - as not independent, but included in system of higher level - the physical world - should not only provide an opportunity to predict events, but also give modern economic agents convincing proofs to close with new rules proposed.

7 Rethinking Accounting: Draft indicators

In addition to stimulation of an economic reality's changes by rational proofs of traditional extensive growth purpose's inadequacy, the separate attention must be paid to development of theoretical recommendations to create new system of planning oriented to detail alternative purpose. As a matter of fact, the only known thing in this new planning system is intensive development alignment; in this case must be developed: a) the list of the concrete parameters, enabling to plan and estimate organisation's functioning trajectory's accuracy and b) scheduled values of each established parameters, enabling to estimate the speed of chosen way's moving.

Development of the concrete parameters' list for evaluating the mentioned purpose - as well as estimating anything "ideal", intangible - is faced with significant difficulty. We appear in a situation described by expression "intelligence is what is measured by the test of intelligence" - there is a problem of validity, or the problem of assurance that measuring instruments reflect the measured.

There is additional difficulty in unprecedentedness of the thing measured. We should emphasize, that parameters of the conscious refusal of extensive growth must essentially differ from the parameters "responsible" for, let us say, ecological friendliness - parameters of actively produced and propagandized modern systems.

Let's stop just on one example illustrating the given idea: in actively developed (and aggressively distributed) "balanced" approach to plan enterprises' activity the attention to all engaged persons' interests is declared. However, the peculiarity of proposed system's

hierarchical structure, namely all blocks of parameters' subordination directly points to the financial block's orientation and new "extensive" opportunities' search.

In our opinion, corporate sustainability accounting should be based upon indicators of the very rethinking, revealing deeper psychological characteristics of assumptions in addition to traditional effects of an enterprise's greening that may be frivolous and insincere. The indicators of rethinking assumptions can be just drafted. For example, these may be three dimensions of the holistic environmental consciousness, according to S. Deryabo and V. Yasvin, namely, assumptions concerning mankind's 1) opposition to environment, 2) moral right to govern the environment, and 3) being the only measure for the environmental values [9, p. 20].

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