

**THE USE OF ACTION RESEARCH TO PROMOTE CORPORATE SOCIAL
RESPONSIBILITY**

C. Richard Baker
Adelphi University
Baker3@Adelphi.edu

THE USE OF ACTION RESEARCH TO PROMOTE CORPORATE SOCIAL RESPONSIBILITY

Abstract

During recent years organizations have increasingly been focusing on efforts to become more socially responsible by modifying various aspects of their operating and management practices. The purpose of this paper is to discuss how action research might be utilized to enhance corporate social responsibility (CSR) practices in various operating settings. While it has been argued that active engagement by researchers in organizational change risks organizational capture action research is a qualitative methodology that may be able to withstand organizational pressures, thus allowing researchers to study issues, like CSR, from inside organizations. This paper summarizes the history and principles of action research and suggests ways that action research might be used to further the goals of CSR.

Key words: corporate social responsibility, action research, organizational change

THE USE OF ACTION RESEARCH TO PROMOTE CORPORATE SOCIAL RESPONSIBILITY

Introduction

Following recent calls for organizational researchers to focus more of their attention on effectuating change in organizations rather than merely describing and criticizing problems (Adams, 2002; Larrinaga et al., 2001; O'Dwyer, 2002) this paper examines the potential use of action research¹ to promote CSR practices. The paper is organized as follows. The first section briefly discusses the importance of CSR practices. The second section examines the historical background of action research. This is followed by a summary of the basic principles of action research. A review of prior research which appears to have similarities with action research comes next. There is then a discussion of how the Centre for Social and Environmental Accounting Research (CESAR) has used a form of action research to further the goals of achieving CSR.

The Importance of CSR Practices

The topics of “sustainability” and “sustainable development” have become increasingly prominent during the last thirty years. Sustainable development is conceived of as a process through which there is satisfaction of human wants and needs while simultaneously preserving the quality of the natural environment. The linkage between economic development and the natural environment was first acknowledged in 1980 when the International Union for the Conservation of Nature published a pamphlet entitled *World Conservation Strategy* that included the term “sustainable development” (IUCN, 1980). The term, sustainable development, came into more general use following the publication of the Brundtland Commission report in 1987 (Brundtland Commission, 1987). The Brundtland Commission, which was formally known as the World Commission on Environment and Development, was created by the United Nations General Assembly. The Brundtland Commission established the most commonly used definition of sustainable development, as development which “meets the needs of the present generation without compromising the ability of future generations to meet their own needs.” Unfortunately this definition has been difficult to implement in practical terms; therefore, it has been necessary to search for more pragmatic definitions of what sustainable development is all about. It is now generally recognized that sustainable development does not focus entirely on the environment. The notion of sustainable development encompasses three primary areas: the economic, the social, and the environmental. As such, sustainable development can be said to rest on three fundamental principles: economic development, social development, and environmental protection.

Proponents of sustainable development maintain that long-term sustainability can only be achieved through economic and social development. In every organization, whether it is a

¹ Action research takes as its subject-matter, a particular practice, or a problem, or a set of problems within a specific organization or social setting. The goal is to alleviate the problem or increase the effectiveness of the practice.

business enterprise or a governmental entity, there is a need to effectively manage resources, both human and material; this is essential to achieving CSR. Business enterprises, as well as public service entities, have long sought ways to achieve long lasting and successful operations. In recent years, managers of such organization have also been increasingly concerned with CSR issues. The CSR issues that these organizations deal with range from reducing greenhouse gas emissions and the general carbon footprint, to reducing or recycling waste materials, to eliminating toxic and poisonous materials, to improving working conditions for all personnel. Effectively managing these CSR-related issues is becoming a key element in organizations' long-term success.

Hargroves and Smith (2005) suggest that a number of common principles can be found in all programs that are intended to achieve pragmatic CSR. These include:

- Dealing transparently and systemically with risk and uncertainty.
- Ensuring appropriate valuation, appreciation and restoration of natural environments.
- Integration of economic, social and environmental goals in policy formulations.
- Providing opportunities for community participation.
- Conserving biodiversity and ecological integrity.
- Being cognizant of inter-generational equity.
- Committing to best practices of sustainable development.
- Avoiding the loss of human capital as well as natural capital.
- Seeking continuous improvement.

These are desirable goals, but how can they be implemented? This is where action research may prove to be effective.

Background of Action Research

Action research has been used as a methodology in the social sciences for over one hundred years. Masters (1995) and McKernan (1991) indicate that action research in educational curriculum development can be traced to the Science in Education Movement during the late nineteenth and early twentieth centuries. They also suggest that the American philosopher, John Dewey, was a precursor of action research through his application of inductive methods to the solution of practical problems in education, psychology, aesthetics, and philosophy (McKernan, 1991). McKernan (1991) also maintains that the Group Dynamics movement in social psychology during the first half of the 20th century was a form of action research used to address social problems using qualitative social inquiry. Action research re-appeared in the 1940s as a way to ameliorate the social problems of that time (e.g. displacements after World War II; inter-group conflict; racial prejudice; and economic and political reconstruction). Kurt Lewin was an important figure in action research during the 1940s and 1950s (Lewin, 1947). Lewin advocated action research as a method of experimental inquiry focusing on social groups experiencing problems. Lewin maintained that social problems should be the primary concentration of all social science research. Lewin's approach to action research encompassed a series of action steps including: *analysis*, *fact-finding*, *conceptualization*, *planning*, *implementation* and *evaluation*. During the 1950s and early 1960s action research was frequently employed in the study of business enterprises. Action research was popular in the United States at the

Massachusetts Institute of Technology and in the United Kingdom at the Tavistock Institute (Masters, 1995; McKernan, 1991).

Beginning in late 1960s, action research disappeared from mainstream social science research because of the overwhelming emphasis on positivism and quantitative methods (Baskerville and Wood-Harper, 1998). One notable exception was Chris Argyris at Harvard University, who fostered a type of action research, which he called action science. Action science involved an integration of theory and practice using an iterative process of *problem diagnosis*, *action intervention* and *reflective learning*. Argyris described action science in a series of books and articles, often in collaboration with Donald Schön (e.g. Argyris and Schon, 1978, 1991; Argyris et al., 1985).

During the 1990s, action research emerged as a recognized methodology in the field of management information systems (MIS) (Whyte, 1991; Stringer, 1996; Lau, 1997; Baskerville and Wood-Harper, 1998). Baskerville and Wood-Harper (1998) argued that action research is well suited to MIS research because of the applied nature of the field. Action research methods are generally clinical in nature and they place the researcher in a helping role within the organization. Baskerville and Wood-Harper (1998) and Lau (1999) developed frameworks for classifying and evaluating action research in MIS. However, in spite of the increased use of action research in MIS, Lau (1999) acknowledged that it was still not well accepted by mainstream journals, especially in North America.

Principles of Action Research

Action research takes as its subject-matter, a particular practice, or a problem, or a set of problems within a specific organization or social setting. The goal is to alleviate the problem or increase the effectiveness of the practice. In most cases, action research proceeds through a series of action steps involving *planning*, *acting*, *observing*, and *reflecting*. The researcher engages organizational participants, particularly those responsible for the practice being investigated. Participation is gradually increased to include all those who are affected by the practice and to maintain collaborative control of the process (Masters, 1995).

Masters (1995) provides three definitions of action research. First, '*action research aims to contribute both to the practical concerns of people in an immediate problematic situation and to the goals of social science by joint collaboration within a mutually acceptable ethical framework*' (Rapoport, 1970). Second, action research is: '*a form of collective, self-reflective inquiry undertaken by participants in social situations in order to improve the rationality and justice of their own social practices, as well as their understanding of these practices and the situations in which these practices are carried out*' (Kemmis and McTaggart, 1990). Third, action research is: '*a systemic inquiry that is collective, collaborative, self-reflective, critical and undertaken by participants in the inquiry*' (McCutcheon and Jurg, 1990). These definitions reflect three differing views of action research which will be further discussed below.

Types of Action Research

McCutcheon and Jurg (1990) indicate that there are three kinds of action research: the positivist approach; the interpretive approach; and the critical approach.

Positivist Action Research

Even though qualitative and interpretive researchers often express an aversion to positivism and an excessive reliance on data analysis, one of the founders of action research, Kurt Lewin, was devoted to the idea of establishing action research as a positivist scientific methodology. He believed that action research should be a science focused on the solution of practical social problems. The underlying goal of the researcher in the positivist form of action research is to test a particular organizational intervention based on a pre-specified theoretical framework. The nature of the collaboration between the researcher and the practitioner is technical. The researcher identifies a problem and proposes an intervention. The organizational participants then agree to implement the intervention (Masters, 1995).

Action research projects guided by a positivist perspective include the following characteristics. The project is initiated by a person or a group of persons based on their qualifications as experts. The purpose of the research is to promote a more effective practice. The research is directed towards improvements in practice; however the research can also promote participation on the part of organizational participants. The positivist approach results in the accumulation of predictive knowledge. The primary objective of the research is the refinement and validation of existing theories; consequently, it is essentially deductive in nature (Masters, 1995). The kind of action research recently seen in the MIS literature falls into this category of action research (Baskerville and Wood-Harper, 1998; Kaplan, 1998; Lau, 1999).

Interpretive Action Research

In interpretive action research the researcher works with organizational participants to identify problems, underlying causes, and potential solutions. Problems are not defined by the researcher in advance. They are defined only after extensive discussion between the researcher and the organizational participants. The goal of the research is to solve problems or improve practice using the collective knowledge of the participants. This type of action research differs from the positivist approach through its reliance on qualitative methods and its flexibility in implementation (Masters, 1995). McKernan (1991) indicates that interpretive action research trades off positivist measurement in exchange for interpretation, interactive communication, negotiation, and detailed description. *'The goal of interpretive action researchers is to understand practice and to solve immediate problems'* (McKernan 1991). When organizational participants are involved in a collaborative approach they often gain a better understanding of their practice, and changes can then have a more lasting effect. A drawback to this type of approach is that changes may be connected with specific individuals. Therefore, interventions may be short lived if the individual leaves the organization or if there is an influx of new people (Masters, 1995).

Critical Action Research

A primary goal of critical action research is to enhance the organizational participants' understanding of the linkage between social problems and an underlying social theory that explains the origin of the problems (e.g. Marxism). Habermas argues that: *'It is through the development of critique that the mediation of theory and practice is possible. The development of action-orientated critique has three phrases: theory, enlightenment and action'* (Habermas, 1973). In pursuing critical action research, the plan of action is derived from a critical intent. A critical intent motivates the action, but it is based on theory which explains the problem. A critical intent also explains the reasons why certain aspects of the social setting may impede or prevent change. The interaction between theory and practice provides the basis for meaningful change in critical action research. This dialectic leads to a deeper understanding of the problem and the social setting (Masters, 1995; Grundy, 1982; Habermas, 1973). In summary, critical action research is grounded on the principles of social justice and it seeks complete change in organizations and social settings (Gray, 2002, p. 692).

Following Grundy (1982), Masters (1995) argues that it is not the specific features of the particular approach which differ between the three categories of action research summarized above, rather it is the underlying world views of the researchers and the organizational participants. Table 1, adapted from Masters (1995), compares the underlying assumptions of the three different approaches.

*****Insert Table 1*****

In the following sections, several research studies will be examined that appear to follow the principles of action research. Often these studies do not claim that they are engaged in action research; however, an analysis of the characteristics of these studies will allow a better understanding of the principles of action research, thereby providing a basis for the potential use of action research to foster CSR in supply chain management.

Situating Action Research

Because there has been little action research in organizational research in a general sense, it has been necessary to scan the management literature in order to identify research that appears to have some commonalities with action research. It can be argued that the most likely space to encounter action research in organizational studies is at the juncture of management information systems and management control. Management information systems (MIS) are ubiquitous and essential for the functioning of any organization. Furthermore, MIS research has closer linkages with management control than with the more traditional disciplines of management. This is because there is frequently a significant amount of ambiguity and conflict surrounding issues of managerial control when the information requirements are defined by power relationships and conflicts of interest among organizational participants. Hence, searching for action research at the intersection of MIS and managerial control is a likely place to start.

Action Research in Managerial Control

Robert Kaplan's (1998) self-styled "Innovation Action Research" describes the introduction of *Activity Based Costing* (ABC) and the *Balanced Scorecard* into American business practice. Kaplan's work has received the imprimatur of Chris Argyris (Argyris and Schön, 1978, 1991) as a form of positivist action research. Kaplan indicates that Innovation Action Research involves the following steps:

1. Observe and document innovative practices
2. Teach and speak about the innovations
3. Write journal articles and books
4. Implement the concept in new organizations.

These steps are similar to the action steps outlined by Kurt Lewin with regard to positivist action research, and they are similar to the action steps described by Baskerville (1999) regarding action research in MIS. For example, in Kaplan's approach, *observing and documenting* is similar to Lewin's steps of *analysis* and *fact-finding* as well as Baskerville's step of *diagnosis*. *Teaching and speaking* and *writing of journal articles* are similar to Lewin's steps of *conceptualization* and *planning* and Baskerville's step of preparing an *action plan*. *Implementing the concept in new organizations* is similar to Lewin's step of *implementation*. What is not readily apparent in Kaplan's approach is the *evaluation* aspect. Kaplan addresses this issue by suggesting that the implementation of innovations in organizations can be important for the following reasons:

1. Validating new knowledge
2. Providing new learning opportunities
3. Learning about effective implementation processes
4. Engaging in a second loop around the innovation action research cycle.

Therefore, Kaplan's Innovation Action Research is akin to Lewin's positivist action research and Baskerville's MIS action research. The differences between these approaches lie primarily in Kaplan's suggestion that evaluation can be done by persons external to the action research project. In Kaplan's case, the evaluation of Activity Based Costing and the Balanced Scorecard was performed by a number of different researchers over a period of years using different research methods. Kaplan is confident about the success of his interventions because the innovations were evaluated by other researchers who concluded that the innovations were successful. This conclusion raises an interesting question about the question of validation in action research because most action research projects are not subjected to validation by parties outside of the organization or the social setting in which the action research takes place, thus leaving open the question of external validity. We will address this topic in more detail in a following section.

Johansson and Baldvinsdottir (2003) provide an example of interpretive action research. The authors studied performance-evaluation processes in two small companies in Sweden—a firm of consultants and a manufacturing company. In the consulting firm, the research methodology was described as a longitudinal case study. The empirical evidence was collected over a period of four years and consisted of interviews, video recordings, and field observations. The methodology employed in the manufacturing company was described as an 'action research' study whereby one of the authors remained with the company for over a year, observing and

participating in real-life situations. The authors used an interpretive scheme derived from Institutional Economics in which institutions are seen as the social linkages between individuals and social structures which are created and re-created through the habits and actions of individuals. Unlike previous studies in which performance evaluation was seen as a tool for improving organizational performance, the authors did not find such a relationship. By focusing instead on the management information system's role in the action–reaction chain between evaluator and evaluated, it became apparent that performance evaluation is largely dependent on trust. While this particular study was described by its authors as an 'action research' study, it does not appear to follow the principles of action research in any explicit manner. Instead, it is more like a participant observation study. Consequently, the difference between an in-depth longitudinal case study, a participant observation study, and an action research study may not always be clear. However, from a general perspective, it can be said that action research concentrates on a particular problem in an organization or a social setting, and it needs to have a change focus. It is not clear whether a change focus was present in the study by Johansson and Baldvinsdottir. Nevertheless, what can be learned from this study is that there are similarities between action research and participant observation. Because participant observation is a well established methodology in the social sciences (Diesing, 1991; Baker, 1977), if a researcher would like to take on an action research project he or she might want to draw on the similarities between action research and participant observation in order to establish the validity of their project.

Finally, Ezzamel et al. (2003) provide an example of critical action research. The authors examined a problem in a factory setting. They focused on the role of a management information system in relation to tense management–labor relationships during the reorganization of a manufacturing process. The research included a longitudinal case study of a manufacturing plant in a large multinational company. The study used participant observation methods and extensive interviewing. The focus of the study was on how pressures to enhance productivity and improve profits eventually led to attempts by senior management to introduce modifications in production methods, management style, and the information system. Shop floor workers interpreted these initiatives as directed towards the reduction of head counts, which caused them to resist the initiatives over a period of 13 years. During this period, the rhetoric of corporate governance was confronted by workers' insistence on their own interests. While Ezzamel et al. did not set out initially to solve a specific problem or to change an organizational setting they did set out to bring change to the larger society by examining class conflict in labor relations in a manufacturing setting. They sought to develop a critical understanding of the labor process so that the words 'new' and 'better' when referring to a management information system were revealed to be code words for ways to reduce labor costs. What can be learned from this study is that the definition of a 'problem' in a particular social setting is often contested.

The following section addresses several questions that have been raised regarding the use of action research in management and organization studies and provides some counter-arguments to these questions.

Questions about Action Research

McSweeney (2000) has advanced several reasons why action research may be inappropriate for organizational research. His reasons focus on questions of power and participation, causality, theory, and validity. With regard to power and participation, McSweeney argues that in business settings, action research is problematic because of organizational conflict. He views organizations through a lens of conflict where it is assumed that workers will never willingly participate in efforts that improve the efficiency or effectiveness of an organization. In response, one could cite the increased use of action research in MIS, which provides at least some degree of evidence that action researchers have been able to secure participation from organizational participants. From another perspective, as organizations become more professional in orientation, the probability of working productively with organizational participants to resolve difficult problems also increases. At the same time, this does not minimize the potential risk that organizational conflict may work against the action researcher from the start. Creativity and persistence on the part of the researcher are necessary components of any action research project.

With regard to causality, McSweeney appears to misunderstand the principles of action research with regard to a presumed linkage between the taking of an action step and prior knowledge about the outcome. Action researchers do not know in advance what the outcome of a particular action step will be. Instead, it is through an iterative process of evaluating outcomes from previous action steps that learning is achieved. The iterative process leads to organizational change and potential amelioration of the problem.

McSweeney also criticizes action research because of its emphasis on action instead of theory. He maintains that research which is uninformed by theory is not really research. This criticism is not pertinent for several reasons. As Baskerville (1999) points out: the '*key assumptions of the action researcher are that social settings cannot be reduced for study, and that action brings understanding*' (p. 3). Consequently, there is a theory underlying action research (i.e. action brings understanding), but it may not be the type of theory that some would recognize as being legitimate. Second, scientific discoveries are often obtained through careful observations without making a clear statement about theory in advance. Third, theories in the social sciences are like fashions; yesterday's theories are outmoded by more recent theories. Ultimately, the significance of theory for action research lies in its ability to 'educate' theory through a solution to difficult problems (see Baskerville, 1999).

Finally, McSweeney criticizes action research on the grounds of validity, arguing that if action research has features which resemble consultancy, it therefore lacks validity. It may be true that action research focuses on solving social problems, and because of this, there may be little that is generalizable about a particular action research project. However, if one insists on evaluating action research from this perspective, it simply misses the point. The validity of action research, for both the researcher and the organizational participant, lies in the successful solution to a difficult problem.

That being said, the following section examines the potential use of action research as applied to CSR in the supply chain with a particular emphasis on the recent activities of Wal-Mart Stores to improve its CSR practices.

Action Research and CSEAR

The Centre for Social and Environmental Accounting Research (CSEAR) was established in 1991 by Professor Rob Grey. CSEAR was envisioned as a network of individuals interested in social and environmental accounting practice and research. Among other things, CSEAR publishes a journal called *Social and Environmental Accounting Journal*, maintains a library of materials on social and environmental accounting, and organizes research schools and conferences. The web site of the Centre was established to help accountants develop their interest in the field of social and environmental accounting research (<http://www.st-andrews.ac.uk/~csearweb/intromaterials/esrc.html>).

CSEAR's statement of purpose was initially set forth in a report published by the United Kingdom Economic and Social Research Council (ESRC) in 1995. This statement can also be found on the CSEAR web site (Gray, 2006). A summary of the statement follows.

Interest in social and environmental accounting has existed for some time, but the conservatism of accounting has caused a reluctance to admit social and environmental accounting as part of the orthodoxy of the accounting profession. An increasing awareness about environmental issues has led to accounting research that looks at organizations and their interactions with society and the environment. The premises of this area of accounting research can be stated as follows:

- Accounting plays a key role in defining organizations and, increasingly, in mediating the relationship between the organization, society and the environment.
- As well as generating consequences which may be interpreted as largely 'positive', accounting is also implicated in many of the 'negative' aspects of organizational life. For example, environmental damage can be shown to be inevitable given current accounting orthodoxy.
- There is a false perception both within and outside the profession that accounting norms are somehow fixed, objective, and non-negotiable: that accounting simply describes the situation within organizations.
- Changes in accounting practice occur because of, among other things, changes in the aims of organizations and in the law. Sustainable development is now providing major impetus in both these areas.
- Social and environmental accounting are experiencing a resurgence as academics examine the consequences of current accounting practice and look for new ways of providing accounts of organizational life.
- This in turn has raised the awareness of non-accountants regarding the critical importance that the accounting has in negotiating organizational relationships.
- Increasingly CSR is seen as the key issue, and both social and environmental accounting are experiencing a new vitality in their attempts to help articulate CSR at the organizational level.

The CSEAR web site goes on to describe social accounting as being concerned with three primary areas of inquiry: examination of the social effects of accounting practice and how they arise; investigation of how the adverse effects of accounting practice can be ameliorated; and investigation of possible ways to provide alternative accounts about organizational activity. Additionally, social accounting embraces: local and international communities; workforce issues; product safety and consumer welfare matters; and environmental questions arising from organizational behavior (Gray, 2006). Thus it can be seen that CSEAR is socially engaged in a manner that is congruent with action research.

The Concerns of Social and Environmental Accounting

Gray and his colleagues indicate that the first task of social and environmental accounting is to better understand the processes underlying environmental degradation and the related social processes that permit this to happen. The second task is to look for ways that accounting can be changed to encourage more benign social and environmental interactions. Representative research in this area has: examined companies' investment appraisal systems; analyzed decisions dealing with closing and locating plants; revealed the short-term biases which work against environmental investments; explored ethical investment issues; and demonstrated how accounting can be used to encourage greater energy and waste disposal efficiency (Gray, 2006). A significant portion of the social accounting project is concerned not only with analyzing and criticizing current accounting practices but also in changing those practices. Beyond the range of engagement activities with business organizations, professional bodies, and policy makers, social accountants have presented their recommendations to practice, with the intention of changing practice. This is the essence of action research. The following section examines some recent examples of social and environmental accounting research and discusses this research in relation to the principles of action research.

Some Examples of Social and Environmental Accounting Research

This section of the paper discusses some examples of social and environmental accounting in relation to action research. While the authors of the studies discussed in this section did not claim to be engaged in action research, it is nonetheless instructive to examine the ways that existing examples of social and environmental accounting overlap with action research, and to envision what social and environmental accounting research might look like if it explicitly adopted an action research agenda.

Adams (2002) is the first example of recent social and environmental accounting research which has some similarities with action research. In her study, the author conducted interviews with 7 large multinational companies in the chemical and pharmaceutical sectors of the UK and Germany in order to identify internal contextual factors that impact the nature and extent of corporate social reporting. Based on these interviews, Adams identified a several internal contextual factors which appear to impact the extent of corporate social reporting. She divided these factors into two groups: process factors and attitudes. Included under process factors were: the chairperson's and board of directors' roles in corporate social reporting; the existence of a corporate social reporting committee; the extent and nature of stakeholder involvement; and the

extent of involvement of accountants. Among the attitudinal factors that Adams identified were the perceived costs and benefits of corporate social reporting and the corporate culture. There are several aspects of this research that are worth noting with respect to action research. First, the overall attitude of the research was oriented towards social change; the study was driven by a desire to see companies be more accountable for their ethical, social and environmental impacts (Adams, 2002, p. 224). Second, the author looked inside of organizations for explanatory factors. Third, a qualitative research method was used (i.e. in-depth interviews). Fourth, the research built on previous theory. These are all positive similarities with action research. One possible area in which the research might have been modified to more closely approximate the principles of action research would have been to identify a specific action step, such as facilitating the creation of a social reporting committee, in order to see what the result of this action step might be. It is recognized that this would have been difficult to achieve in the context of an interview approach, but future research might consider implementing such an action step.

In another example of social and environmental research, Thompson and Bebbington (2005) argue that the provision of accounts by organizations can be viewed as a process of education, which is amenable to pedagogic assessment. It should be noted that action research has been frequently used in educational settings, not excepting accounting education (see for example Paisey and Paisey, 2005; Baker and Logan, 2006). Thompson and Bebbington explored the way that social and environmental reporting might be evaluated from a pedagogic perspective. In undertaking this task, the paper draws extensively on the work of Paulo Freire. It is argued that Freire's work is relevant to the evaluation of social and environmental accounting because Freire focuses on the critical and emancipatory possibilities of education. Freire's conception of what constitutes emancipatory pedagogy is used to evaluate the processes by which organizations create social, environmental and sustainable development reports. With respect to action research, a distinction might be made between the work of Thompson and Bebbington (2005) and that of Paisey and Paisey (2005) or Baker and Logan (2006), whereby the latter works explicitly adopt an action research agenda, involving diagnoses of a social problem, specification of the action steps that will be taken to ameliorate the problem, implementation of the action steps, evaluation of the outcomes, and repetition until the problem is improved. In their work, Thompson and Bebbington have made an innovative use of Freire in relation to emancipatory pedagogy, but they did not apply their argument to a specific social problem. This would have been necessary in action research.

In another example of social and environmental accounting research, O'Dwyer (2005) presents a case study that examines the evolution of a social accounting process in an Irish overseas aid agency, the Agency for Personal Service Overseas. Much of the rhetoric surrounding social accounting simplifies the complex nature of the processes surrounding social accounting and tends to downplay concerns about how 'real' organizational change can be effected ways that empower stakeholders. O'Dwyer's case study explores this complexity by illuminating the contradictions, tensions and obstacles that permeated one such process. The paper is an example of field work in social accounting, which was called for by Gray (2002). Field work (including action research) can obtain a richer, more in-depth understanding of how and why social accounting evolves inside organizations. In O'Dwyer, we can clearly see the focus on social change; the focus on looking inside the organization; and the focus on qualitative methods. In sum, the study has many aspects that resemble action research. The one thing that

perhaps is lacking is an explicit action step. At the same time, the focus on social change is basically the starting point for action research. After the initial commitment to social change, action research then involves taking specific action steps in an iterative manner, which are interspersed with evaluation and reflection (Masters, 1995).

Finally, Cooper et al. (2005) presents an example of social accounting research which takes a critical and Marxist perspective. In their study, the authors describe the creation of a 'social account' based on university students' experiences in low paid, part-time work while engaged in full-time education. The social account was produced from an analysis of 1735 questionnaires completed by students in their third year at three Glasgow universities. Beyond presenting a new way of preparing social accounts, the current process of producing social accounts was also critiqued. The overall purpose of Cooper et al.'s study was to add to the various streams of social and environmental accounting research and to point social and environmental accounting research in a different direction. The authors argue that social accounts should be produced independently of the management of an organization, and that in order to disrupt ideological understandings, social accounts should be theoretically driven. While applauding the thoughtful and thought provoking work of many previous social and environmental researchers, the authors present an alternative way of developing the social accounting agenda. They argue that the production of social accounts aligned with social struggles and action groups (e.g. trade unions) would promote the potential to create a more equitable society. Cooper et al.'s study is an example of critical accounting research, in that it has an explicit commitment to social change using a Marxist theoretical underpinning. Their work could also be considered to be a form of critical action research. However, for it to have been more explicitly viewed as an action research project there would have needed to be an iterative component, whereby the researchers decided to take a specific action step, and then evaluate the results, thus leading to subsequent action steps, until the social problem is ameliorated or the social practice is made more effective. Cooper et al. focus primarily on an explication of theory (i.e. Marxism), and implicitly rely on this explication to induce social change. In contrast, the primary objective of action research is to directly change or improve a specific social practice.

Conclusion

This paper has looked at the history and principles of action research and examined how a form of action research has been used by CSEAR in social and environmental accounting research. To summarize, action research takes as its subject-matter, a particular practice, or a problem, or a set of problems within a specific organization or social setting. The goal is to alleviate the problem or increase the effectiveness of the practice. In most cases, action research proceeds through a series of action steps involving *planning*, *acting*, *observing*, and *reflecting*. The researcher engages organizational participants, particularly those responsible for the practice being investigated. Participation is gradually increased to include all those who are affected by the practice and to maintain collaborative control of the process.

It can be seen that while there have been relatively few studies in social and environmental accounting that have explicitly followed the principles of action research, the commitment to social change that is inherent in social and environmental research makes it

apparent that action research would be a useful addition to the quiver of methodologies employed by social and environmental accountants. This sample of social and environmental accounting research demonstrates a strong commitment to social change and amelioration of social problems, which is an essential element of action research. At the same time, it appears that many of these studies are enmeshed in the rigors of academic research. Action research requires researchers to become actively engaged in the social settings they wish to change by striving to implement action plans that change the setting or ameliorate the problem. Action research involves a decision to take a specific action step, combined with an evaluation of the outcome, and then taking further action steps in an iterative manner, until a successful outcome is achieved. This can be a lengthy and onerous process. It is hoped that social and environmental accountants will consider using action research, so that they can seek to change the world, not merely describe it.

References

- Adams (2002), "Internal organisational factors influencing corporate social and ethical reporting: beyond current theorizing", *Accounting, Auditing and Accountability Journal*, Vol. 15, No. 2, pp. 223-151.
- Argyris, C. and Schön, D. (1978), *Organizational Learning: A Theory of Action Perspective*, Reading, MA: Addison-Wesley.
- Argyris, C. and Schön, D. (1991), "Participatory action research and action science compared", in Whyte, W. (ed.) *Participatory Action Research*. Newbury Park, NJ: Sage, 85-96.
- Baker, C.R. (1977), "An observation study of a large public accounting firm", *Human Relations*, Vol. 30, No. 11, pp. 1005-1024.
- Baker, C.R. and Logan, L. (2006), "Using action research to promote increased academic success for educationally disadvantaged students", *Global Perspectives on Accounting Education*, Vol. 3, pp. 1-21.
- Baskerville, R. (1999), "Investigating information systems with action research", *Communications of the Association for Information Systems*, Vol. 12, No. 19, October, pp. 1-24.
- Baskerville, R. and Wood-Harper, A.T. (1998), "Diversity in information systems action research methods", *European Journal of Information Systems*, Vol. 7, pp. 90-107.
- Brundtland Report (1987). *Our Common Future*, Oxford: Oxford University Press, <http://www.un-documents.net/wced-ocf.htm>, retrieved on December 11, 2007.
- Center for Sustainable Processes and Practices (2007), *International Conference on Business & Sustainability*, Portland, Oregon: Portland State University, (November 1-2), <http://www.bizandsustainability.org/>, retrieved on December 11, 2007.
- Cooper, C., Taylor, P., Smith, N., and Catchpole, L. (2005), "A discussion of the political potential of social accounting", *Critical Perspectives on Accounting*. Vol.16, No. 7, pp. 951-974.
- Dick, B. (1993), "A beginner's guide to action research", *Arcs Newsletter*, Vol. 1, No. 1, (May), pp. 5-9.
- Diesing, P. (1991), *How Does Social Science Work?: Reflections on Practice*. Pittsburgh, Pa.: University of Pittsburgh Press.

- Ezzamel, M., Willmott, H. and Worthington, F. (2003), "Accounting and management-labour relations: the politics of production in the 'factory with a problem'", *Accounting, Organizations and Society*, Vol. 29, No. 3/4, pp. 269-302.
- Gray R. (2002), "The social accounting project and *Accounting, Organizations and Society*. Privileging engagement, imaginings, new accounting and pragmatism over critique?", *Accounting Organizations and Society*, Vol. 27, No. 7, pp. 687-708.
- Grundy, S. (1982), "Three modes of action research", in Kemmis, S. and McTaggart, R. (eds.) *The Action Research Reader* (3rd edition), Geelong: Deakin University Press.
- Hargroves, K. and Smith, M. (eds.) (2005), *The Natural Advantage of Nations: Business Opportunities, Innovation and Governance in the 21st Century*, London: Earthscan/James & James.
- IUCN (1980), *World Conservation Strategy: Living Resource Conservation for Sustainable Development*, New York: International Union for Conservation of Nature and Natural Resources (IUCN), <http://www.iucn.org/dbtw-wpd/edocs/WCS-004.pdf>, retrieved on December 11, 2007.
- Johansson, I. and Baldvinsdottir, G. (2003), "Accounting for trust: some empirical evidence", *Management Accounting Research*, Vol. 14, No. 3, (September), pp. 219-234.
- Kaplan, R. (1998), "Innovation action research: creating new management theory and practice", *Journal of Management Accounting Research*, Vol. 10, pp. 89-113.
- Kemmis, S. and McTaggart, R. (1990), *The Action Research Planner*, Geelong: Deakin University.
- Larrinaga-Gonzalez C., Carrasco-Fenech, F., Caro-Gonzalez, F.J., Correa-Ruiz, C. and Paes-Sadubete, J.M. (2001), "The role of environmental accounting in organizational change: an exploration of Spanish companies", *Accounting, Auditing & Accountability Journal*, Vol. 14, No. 2, pp. 213-38.
- Lau, F. (1997), "A review of the use of action research in information systems studies", in Lee, A., Liebenau, J. and DeGross, J. (eds.) *Information Systems and Qualitative Research*, London: Chapman and Hall, 31-68
- Lau, F. (1999), "Toward a framework for action research in information systems studies", *Information Technology & People* 12 (2): 148-175.
- Lewin, K. (1947), "Frontiers in group dynamics", *Human Relations*, Vol. 1, No. 2, pp. 143-153.
- Masters, J. (1995), "The history of action research", in Hughes, I. (ed.) *Action Research Electronic Reader*, Sydney: University of Sydney: www.behs.cchs.usyd.edu.au/arow/Reader/rmasters.htm.

- McCutcheon, G. and Jurg, B. (1990), "Alternative perspectives on action research", *Theory into Practice*, Vol. 24, No. 3, pp. 145-150.
- McKernan, J. (1991), *Curriculum Action Research. A Handbook of Methods and Resources for the Reflective Practitioner*. London: Kogan Page.
- McSweeney, B. (2000), "'Action research': mission impossible? Commentary on 'Towards the increased use of action research in accounting information systems' by C. Richard Baker", *Accounting Forum*, Vol. 24, No. 4, pp. 379-390.
- Neimark, M. (1990), "The king is dead. Long live the king!", *Critical Perspectives on Accounting*, Vol. 1, pp. 103-114.
- Neu, D., Cooper, D.J., and Everett, J. (2001), "Critical accounting interventions", *Critical Perspectives on Accounting*, Vol. 12, No. 6, pp. 735-762.
- O'Dwyer, B. (2005), "The construction of a social account: a case study in an overseas aid agency", *Accounting, Organizations and Society*, Vol.30, No. 3, pp. 279-298.
- Paisey, C., and N.J. Paisey. (2005), "Improving accounting education through the use of action research", *Journal of Accounting Education*, Vol. 23, pp. 1-19.
- Rapoport, R. (1970), "Three dilemmas in action research", *Human Relations*, Vol. 23, No. 6, pp. 499-520.
- Stringer, E. (1996), *Action Research: A Handbook for Practitioners*. Newbury Park, NJ: Sage.
- Thompson, I. and Bebbington, J. (2005), "Social and environmental reporting in the UK: a pedagogic evaluation", *Critical Perspectives on Accounting*. Vol. 16, No. 5, pp. 507-533.
- Whyte, W.F. (1991), *Participatory Action Research*. Newbury Park, NJ: Sage.
- Wood-Harper, T. (1985), "Research methods in information systems: using action research", in Mumford, E., Hirshheim, R., Fitzgerald, G. and Wood-Harper, T. (eds.) *Research Methods in Information Systems*, Amsterdam: North Holland, 169-191.

Table 1			
	Positivist Action Research	Interpretive Action Research	Critical Action Research
Philosophical Base	Natural Sciences	Historical - Hermeneutic	Critical Theory
The nature of reality	Single, measurable, divisible	Multiple, constructed, holistic	Social, political and economic. Focuses on problems of equity and justice.
Problem	Defined in advance	Defined in situation	Defined by theory
Relationship between the Knower and Known	Separate	Interrelated, dialogic	Interrelated, embedded in society
Focus of collaboration theory	Technical validation, refinement, deduction	Mutual understanding, new theory, inductive	Mutual emancipation, validation, refinement of theory
Type of knowledge produced	Predictive	Descriptive	Predictive, descriptive
Change Focus	Short lived	Longer lasting, dependent on individuals	Permanent social change
The nature of understanding	Events explained in terms of "real" causes and simultaneous effects	Events are understood through interpretation, interactions with external contexts, transactions between interpretations and external contexts	Events are understood in terms of social and economic impediments to equity and justice
The role of value in the research	Value free	Value bounded	Related to social values (equity and justice)
Purpose of research	Discovery of laws underlying reality	Understanding the meaning people make of phenomena	Understand what constrains the achievement of equity and to change practices toward greater equity and justice