

**HABERMAS, THE ACCOUNTING PROFESSION AND ACCOUNTANT-
CLIENT RELATIONSHIPS: STEERING FOR SUSTAINABILITY?**

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INTRODUCTION

As questions of sustainability become more readily accepted in the mainstream (IFAC, 2010; IIRC, 2011), practical issues of how firms are supported in addressing their sustainability challenges also need attention (Unerman, Bebbington and O'Dwyer, 2007). Much of the extant work on business sustainability assurance, advice and guidance is on large firms (e.g. O'Dwyer & Owen, 2005) yet small and medium sized enterprises (SMEs) are by far the most common organizational form, comprising 99% of European businesses¹. While individually their effect may be small, collectively they are critically important in terms of their economic, environmental and social impact (CEC, 2008). Thus being able to engage SMEs and support them with environmental sustainability advice will help further the quest for business practices that are responsible and environmentally sustainable.

This paper reports on a study which seeks to understand through exploratory research the small and medium sized accounting practitioner (SMP) perspective on (1) the provision of sustainability advice by SMP accountants and (2) the related nature of the SMP as a trusted advisor for their clients. Both these facets of the research are put in the context of (3) the role of the professional accounting bodies in relation to the support of sustainability advice provision.

Research has consistently found that the party from which SMEs most commonly seek advice is their (local) small and medium sized accounting practitioner, with whom there is often a trusted relationship developed over a long-term period for advice (Bennett and Robson, 1999; Blackburn and Jarvis, 2010). In the context of this trusted advisor relationship, small and medium sized accounting practitioners advise their clients on topics beyond the financial services for which they are initially employed, including on such diverse matters as health and safety, human resource management, information systems management, succession planning and business strategy (Bennett and Robson, 2004; Gooderham, et al, 2004; Hasle *et al*, 2010; Martin, 2004; Blackburn et al, 2010; Jarvis and Rigby, 2011). Adding to this range of relevant topics for accountants, the profession has acknowledged the importance of corporate social responsibility including sustainability as an emergent key issue at a global level (IFAC, 2010).

In parallel, there is evidence of a need for sustainability advice for SMEs (Hillary, 2004). In a review of the literature, Revell et al. (2010) find that the majority of studies conclude that owner-managers have a poor understanding of the knowledge and skills required for environmental management and a sceptical attitude to using external support. In difficult economic times, we see both the increasing acknowledgement of the role of businesses in impacting on their communities by polluting or protecting the natural environment (Stubblefield Loucks et al. 2010) and the reinterpretation of environmentally responsible behaviour as both socially and economically valuable for business performance (Rutherford et al. 2000). Schaper (2002) argues that knowledge of environmental problems has the potential to improve performance in two ways: first by helping to show why action is needed, second by providing a means by which firms can learn how and when to act. These findings are echoed by Mir and Feitelson (2007) who found that firms with more formal management of environmental data such as could be provided by accountants are more aware of environmental issues and practice better environmental behaviour.

The changing landscape of environmental and social challenges and responses has created space and opportunity for accountants and SMPs to attend to the increasing importance of sustainability for their SME clients (IFAC, 2010; 2012; Gould, 2011; Steadman et al, 1995). However, there is little evidence to date of the extent to which SMPs are involved in providing

environmental sustainability advice, and the context of any such processes in terms of the accountant-client relationship and the accountancy profession.

The relationship between SMP and SME client subsumes the personal, the institutional and the societal, especially through the role the accountancy profession plays in providing guidance, regulation, training and overall assurance for the work of the SMP (Hasle et al, 2010). Given the relational focus of our study, our theoretical framework draws on Habermas's work on communicative action and particularly the concepts of steering, lifeworld and systems (Habermas 1984; 1987, see Power and Laughlin, 1996). The Habermasian lens enables analysis of the influence of macro-societal relationships upon the more micro and personal relationship of accountant and client offering the opportunity for a holistic understanding of how the relationship plays out in the context of sustainability advice.

Our central contribution informed by the data and the Habermasian lens is that whilst the trusted advisor role is personal to individual SMPs, steering for environmental sustainability may depend on institutional trust within the accountancy professional system. SMPs may not risk undermining their status to steer environmental sustainability without the assurance of this institutional trust supporting them. Thus in the context of our study we are able to identify limits to the trusted advisor role. This contribution has important implications because it draws attention to the need for the accountancy profession to establish itself as a key player in environmental sustainability debates, if it seriously wants accountants to claim ownership for the advisory roles associated with environmental sustainability. For SMPs to be effective advisors for environmental sustainability issues there is a need for accountants to develop expertise in the field. Without such expertise, there are risks to the personal trust that underpins relationship of SMPs and their SME clients.

The paper comprises of five sections. In the next section we provide a background literature review that explores the nature of the SMP - client relationship. We then discuss the Habermasian notions of steering, systems and the lifeworld (Habermas, 1984, 1987; Broadbent, Laughlin and Read, 1991; Broadbent and Laughlin, 2009) and employ this framework to examine theoretically how and whether SMPs may steer SME behaviour. In the third section we discuss our research approach, followed by which we present our empirical findings. In the discussion and concluding sections we note the implications of our study for future research.

THE ACCOUNTANT-CLIENT RELATIONSHIP AND THE PROVISION OF SUSTAINABILITY ADVICE TO SMES

The unit of analysis in this study is the nature of the relationship between SMP and their SME clients from the perspective of the accountant. Some research on the role of SMPs has argued that the relationship between small firm owner-managers and their accountants is primarily an economic one (Marriott and Marriott, 2000). In a more nuanced analysis, Blackburn et al. (2010) aver that the content of business advice to SMEs may focus on financial management, but this is carried out in a context where trust, competency, culture and communication are significant variables that influence the SMP-SME relationship (Dyer and Ross, 2007; Gooderham et al., 2004). Advisory content frequently branches out beyond the financial. For example, Jarvis and Rigby (2011) discuss different models used by accountants to provide advisory services about Human Resource Management and employment issues, while Hasle et al. (2010) look at accountants providing advice in terms of Health and Safety issues. Accountants have also been shown to be the primary source of advisory services when it comes to the implementation of change (e.g. growth, succession or takeover, change in government regulation: Blackburn and

Jarvis, 2010). Finally Martin (2004) analyses the business area of ownership succession in which medium-sized accountancy practices are increasingly involved. Underlying much of the research is the idea of the accountant as the most ‘trusted advisor’ for the SME.

Trust is a highly complex concept, and it is not the purpose of the current paper to revisit the wide ranging literature on trust, trustworthiness and trust propensity (for summaries see Arnott, 2007; Blois, 1999; Möllering, 2001). Instead we are concerned with understanding the nature of the relationship labelled ‘trusted advisor’ from the service provider perspective in a business to business capacity. Pertinent to this, however, is the importance of a range of aspects of competence in formulating trust (Ayios, 2003) and Zucker’s central modes of trust production (1) process-based, tied to past or expected exchange; (2) characteristic-based, tied to person, based on social characteristics; and (3) institutional-based, tied to formal societal structures, based on individual or firm-specific attributes or on intermediary mechanisms (Zucker, 1986).

Gooderham et al. (2004) identify some of the conditions that have contributed to making SMPs a source of advisory services for small firms. The first prerequisite that is perceived as necessary for survival and maintenance of competitive advantage is competence. Often the owner-managers of SMEs lack financial skills and knowledge of how management accounting systems might be used to aid decision-making but also have difficulties in acquiring or retaining competent persons (Blackburn and Jarvis, 2010; Deakins et al., 2001). Therefore small firms are particularly dependent on being able to access the market of business advice where trust represents the other fundamental condition. The establishment of trust (through perceived “value for money” advisory work undertaken by SMPs) within the relationship appears to be most important for the use of the accountants for non-conventional services (Gooderham et al., 2004).

Accountants perform their professional activity within a government-backed self-regulating framework of training, qualification, code of conduct, trading standards, discipline, enforcement, and group insurance, which is expected to govern the behaviour of the supplier (Bennett and Robson, 1999). Therefore advisory services are provided inside a very specific institutional regulatory-framework that recognizes them as having a high level of institutional trust. Big accounting firms, for instance, benefit from this high level of institutional trust, and are acknowledged as having a high level of competence. In contrast, SMPs operate in a context centred upon personal acquaintance and social relations with their clients. Consequently, SMPs draw on a system of high personal trust and low institutional trust. Different levels of trust, and the balance between personal and institutional trust, “lead to very different expectations about the extent and form of use of advice services for different sources” (Bennett and Robson, 1999, p. 160).

Evidence of an on-going provision of advice on a range of topics, and an established level of trust in SMPs does not of itself recommend SMPs as good environmental sustainability advisors to SMEs. However, there is a gap in advising and supporting SMEs in these areas and reasonable grounds for investigating the potential of SMPs to fulfil this role alongside their other activities (IFAC, 2012). The Federation of Small Businesses identifies the key environmental challenges for SMEs as being the reduction of energy use (e.g. heating, lighting, office equipment, compressed air, motors, drives, fans and pumps) and water bills; waste minimisation; reduction of transport costs (logistics, vehicle choice, fuel choice); and compliance with legislation (FSB 2003). However, environmental sustainability will likely represent a very specialist and technical area for advisors, also compelled by regulatory frameworks, and commonly associated with accounting standards and guidelines (AccountAbility, 2011; GRI, 2011). The opportunities for SMPs to play a support role beyond traditional compliance work are manifold. First, accountants

may provide assistance to link SMEs' performance on environmental sustainability to traditional business metrics and value creation and improve the usefulness of their communication and reporting and familiarize with the integrated reporting (Gould, 2011; IIRC, 2011). Second SMPs can help businesses to measure their sustainability performance in terms of their positive and negative environmental impact, to calculate organizational or product carbon footprint, improve energy efficiency, reducing waste and water consumption (Stubblefield Loucks et al., 2010). Third, for those working in close contact with the owner-managers, accountants can play a leading role in establishing the business case for sustainability by ascertaining that proper accountability mechanisms are in place, and stakeholders engaged with.

To conclude this section, there appears to be potential for SMPs to assist SMEs in progressing environmental sustainability practices and at the same time turning moderating factors into business opportunities. Among the factors that can be considered when it comes to providing environmental advice to SMEs are the following:

- in many cases SMEs are not aware of their own environmental impacts (NetRegs, 2002);
- in Europe, only a small proportion of SMEs adopt standardized environmental management systems to implement sustainability strategy (Hillary, 2004);
- the business case for environmental sustainability is unlikely to be the same for each business but each organization has to determine its own case by learning about the environmental practices that are most relevant for their business (Stubblefield Loucks et al., 2010);
- “regulation”, “business performance”, and “supply chain pressure” seem to be the most important drivers of SMEs' environmental practices (Rutherford et al., 2000; Williamson et al., 2006);
- SMEs may be hesitant to apportion time to address concerns that are not obviously related to business, and sustainability related issues are often misperceived as being outside of core operations (Walker and Preuss, 2008);
- typically SMEs have not been subject to regulatory oversight to the same extent as larger firms (Labonne, 2006);
- SMEs tend only to react to strong pressures from external stakeholders that they have relationships with (Stubblefield Loucks et al., 2010).

Having made the case in the extant literature for researching the relationship between accountant and client as a basis for offering sustainability advice, in the next section we propose the valuable theoretical lens of Habermas's Theory of Communicative Action and conceptualize the SMP/SME relationship in terms of the key elements of the theory. In doing so, we are able to develop a proposal which links the extant literature with Habermas' lens.

HABERMAS' LIFEWORLD AND SYSTEMS: COMMUNICATIVE AND STRATEGIC ACTION

Jürgen Habermas (1987) argues that the social world consists of two distinctive and yet inter-related spheres known as “lifeworld” and “systems” (Habermas 1987: 118) that co-exist simultaneously but are analytically separable. The lifeworld reflects the convictions and values of society and represents the lived experiences that give meaning to everyday life (Rasmussen 1990; Roslender 1995). Its concerns should be predominant and guiding of all social action since societal norms and values reside within the lifeworld, and the lifeworld is always in the background and taken for granted (Habermas, 1987, page 131). In contrast to this, systems are “tangible definable arenas of action” that should operationalize the lifeworld's desires. To ensure

that the functional systems remain anchored to the lifeworld there exists a third element of the theory, the mediating systems, that steer the functional (operational systems) towards the lifeworld values. These mediating systems or steering media have coordinating roles and carry out steering processes that achieve legitimization by meeting lifeworld norms and values.

According to Habermas, steering media guide the synchronization and harmonization of actions between the lifeworld and systems because with societal development there is the tendency for the two spheres to grow apart. Coordination between lifeworld and systems should, in an ideal situation, be achieved through communication, debate and dialogue between social actors. Steering through communication leads to mutual understanding and consensus within society based on societal norms and values. However over time and within advanced capitalist societies instead of communication and discursive practices coordinating activities between the lifeworld and systems, more areas of life become subjected to the influences of money and power. The use of finance and funding begins to dominate and crowd out communicative rationality. Habermas suggests that rather than communicative action being employed, an alternative which he refers to as strategic or instrumental action may begin to dominate and corrupt the lifeworld (Habermas, 1984:289). Such actions are aimed at achieving one's own ends (strategic) or a desired end (instrumental action). Both communicative and strategic actions are mediated through discourse with the difference that the former aims at consensus whilst the latter is more instrumental. Table 1 below summarizes the differences.

Table 1: Communicative and Strategic Action

Features of steering	Communicative action	Strategic action
aim	<i>consensus and understanding</i>	<i>success</i>
level	<i>lifeworld</i>	<i>systems</i>
media	<i>relational dialogue</i>	<i>transactions</i>
Underpinned by	<i>values and beliefs</i>	<i>money and power</i>

RELATIONAL STEERING AND TRANSACTIONAL STEERING

Some of these Habermasian concepts have been operationalized in an organizational context. Broadbent et al (1991) have sought to make use of them at the organizational rather than the meta-theoretical societal level with which they are usually associated. They argue that steering media consist of a range of government, professional bodies, regulatory and financial institutions. These steering media use various steering mechanisms including legislation, finance and other organisations to control actions and direct change. They argue that there are other organisations that comprise the systems where activities and functions occur. Organisational systems also have their own lifeworld values, or interpretive schemes, which may direct their steering processes. Within the systems are sub systems representing managerial functions and decision-making processes which also perform steering functions (Agyemang and Ryan, forthcoming, Agyemang, 2009; Broadbent et al, 1991; Broadbent et al, 2001; Broadbent and Laughlin 1997; 1998; 2013). Broadbent and Laughlin's work alert us to the complexity of steering and the multiplicity of organisations involved in the processes either as societal steering media themselves (directing changes) or as organisational systems (implementing changes).

More recently research has built further on the work of Habermas, providing pointers to how steering may take place arguing that it depends upon the “model of rationality” underpinning actions of the steering media. Rationalization, that is the pursuit of reason in human affairs, may be undertaken in an instrumental manner or in a communicative manner. Equating with Habermas’ strategic action, instrumental rationality refers to “goal orientated rational social action” with clearly specified goals that are formally decided upon based on theoretical rationality, underpinned by an authority structure. On the other hand, communicative rationality “pursues ends that are discursively agreed” between participants and stakeholders leading to consensus as in Habermas’ ideal situation discussed above. Broadbent and Laughlin (2009) suggest that instrumental reasoning will tend to lead to *transactional* steering mechanisms developing. These are likely to have a high level of specificity about the ends to be achieved (e.g. through performance measures, targets) and often a clear specification of the means needed to achieve these defined ends similar to a simple, in effect, ‘exchange transaction’ to achieve a particular end state through a defined set of means. In contrast, communicative reasoning will lead to *relational* steering mechanisms developing where the expectation is that the ends and means are deliberately subject to a discourse between the stakeholders and chosen by them. Often the specific focus will be less like a defined project, less short-term in nature and more concerned with long term survival (Broadbent and Laughlin, 2009: 289). Transactional steering and relational steering exist on a continuum and are the extreme ends of this continuum. Table 2 summarises the key features of the different types of steering mechanisms.

Table 2: Features of steering mechanisms

Features	Relational Steering	Transactional steering
Origin	<i>Communicative action</i>	<i>Strategic action</i>
Purpose	<i>Consensus and understanding</i>	<i>Specified (e.g. performance target)</i>
Time horizon	<i>Long term survival</i>	<i>Short term gain</i>
Medium	<i>Stakeholder dialogue</i>	<i>Finance and funding</i>

RELATIONSHIPS AND TRUST USING HABERMASIAN NOTIONS

Whilst Broadbent, Laughlin and their followers have concentrated on the roles of organisational steering media and the methods and mechanisms used in steering, other researchers have utilised Habermasian lifeworld and systems ideas to study relationships between different types of stakeholders. In the sociology of medicine, there is much work that considers the relationship between doctors and patients (Greenhalgh, Robb and Scambler, 2006). For example, Barry et al. (2001) citing Mishler (1984) adopts Habermasian ideas to study doctor –patient relationships focusing on the manner in which doctors communicate and interact with patients. They argue that doctors have a “voice of medicine” which exists in the technocratic system of medicine and which they draw upon in their discussions with patients. This “voice of medicine” differs from the “voice of the lifeworld” which is more understandable to patients. The voice of medicine is based on science and allows doctors to maintain control over patients whereas the lifeworld voice facilitates understanding between doctor and patient and may enable medical care to be more humane and effective. The voice of medicine is one associated with transactional steering whilst the voice of the lifeworld involves relational steering. Such work is pertinent for our study

since, as with SMPs and SMEs clients, the doctor- patient relationship is one built on trust, and existing in a system underpinned by professional expertise (Thom et al, 2002).

In another example from the social science of medicine, Brown (2008) also using Habermasian notions of communicative action and instrumental action as well as lifeworld and systems, considers whether “trust is a product of the system (instrumental rational efficiency of the institution), or[of] the lifeworld (qualitative interpersonal communication)” (Brown 2008: 351). He argues that the UK National Health System, representing the whole healthcare system provides instrumental trust. Such “instrumental trust is depersonalised in the way it is solely the efficacy of the system that is considered rather than the individuals working within” (op cit: 353). It is a trust that is based on accountability and performance monitoring and instrumental rationality that assumes that only that which can be verified on a system-wide, macro level is effective in aiding confidence and trust (op cit: 354). There is an alternative form of trust, residing in the lifeworld that is based on communication, is relational and human. Table 3 summarises these ideas.

Table 3: Lifeworld and Systems: Trust and relationships

Features	Lifeworld	Systems
Origin	<i>Communicative action “voice of lifeworld”</i>	<i>Strategic action “voice of the systems”</i>
Purpose	<i>Consensus and understanding</i>	<i>Specified (e.g. performance target; accountability and monitoring</i>
Relationships	<i>Long term survival</i>	<i>Short term gain</i>
Trust	<i>Relational and Personal</i>	<i>Institutional and depersonalized</i>

To summarize this section, the Habermasian notions of systems, lifeworld, steering, communicative action and strategic/instrumental action may usefully help us analyse how the trusted advisor relationship between SMPs and SMEs plays out in the provision of environmental sustainability advice. We start from the largely accepted viewpoint that environmental sustainability is a societal lifeworld concern¹, generally, and in the case of our respondents, specifically. That being the case, a key issue to address is the role of SMPs in the process of providing environmental sustainability advice.

From the discussion above and the foregoing literature review, we can generate the following proposition:

¹ While tackling climate change causes is fraught with economic and cultural difficulties, anthropogenic climate change is overwhelmingly accepted. On the occasion of the award of the Nobel Peace Prize for 2007 to the Intergovernmental Panel on Climate Change (IPCC) and former US Vice President Al Gore Jr, the dangers were summarized as follows: “climate change is accelerating, that the changes are to a significant extent man-made, and that the need to adopt counter-measures is urgent if we are to prevent a global climate crisis from arising in the near future and threatening the basis of human life. According to the IPCC, there is a real danger that the climate changes may also increase the danger of war and conflict, because they will place already scarce natural resources, not least drinking water, under greater pressure and put large population groups to flight from drought, flooding, and other extreme weather conditions”. "Intergovernmental Panel on Climate Change - History". Nobelprize.org. 7 Feb 2013 http://www.nobelprize.org/nobel_prizes/peace/laureates/2007/ipcc.html

In the context of a lifeworld of environmental sustainability, small and medium sized accounting practitioners can employ relational steering derived from communicative action to act as systems to promote environmental sustainability in their small and medium sized clients.

However, whether SMPs are societal steering media or organisational systems is an empirical question that requires analysis. The position of small professional accounting firms differs from that of government departments that have positional power through legislation and financial resource control to steer change. Rather, small professional accounting firms have “a trusted advisor relationship” with small medium enterprises, and arguably they share similar lifeworld (interpretive schemes) values both being small businesses. Furthermore this relationship between the SMPs and their SMEs clients differs significantly from the relationship between big accountancy firms and their clients. By analysing how the advice on sustainability is given, the nature of the trusted advisor relationship between SMPs and SMEs may be clarified and the potential for SMPs as environmental sustainability advisors may be more closely explained. It then becomes possible to locate the role of the SMP, theoretically, within the model of steering outlined above.

METHODOLOGY

Taking a broadly qualitative approach to this exploratory study, research interviews were completed with the core data of nine practicing accountants working in small and medium sized accounting practices. The focus of the data was the accountants’ perspective on their relationship with their clients and sustainability advice provision. To complement this data we also interviewed three representatives of SMEs and two environmental advisors. The accounting practitioners were selected on the basis that they indicated in initial inquiries that they were sensitive to and interested in environmental issues. This allowed us to start from our assumption of environmental sustainability being a lifeworld concern as indicated above. Nevertheless, agreement to be interviewed was considerably more challenging than anticipated and in comparison to similar studies previously completed by the researchers, in part apparently due to the economic challenges at the time of the study (2011/12). Respondents were identified with the support of an accounting professional body initially and through additional desk based research. Details about the interviewed respondents and the corresponding code we use when citing them in this paper are given in Table 4 below.

Table 4 - Respondents and codes

Respondents	Code for citations
<i>UK accountant</i>	<i>SMP1</i>
<i>UK accountant</i>	<i>SMP2</i>
<i>UK accountant</i>	<i>SMP3</i>
<i>UK accountant</i>	<i>SMP4</i>
<i>UK accountant</i>	<i>SMP5</i>
<i>UK accountant</i>	<i>SMP6</i>
<i>UK accountant</i>	<i>SMP7</i>
<i>UK accountant</i>	<i>SMP8</i>

The literature review informed an interview schedule for SMPs which was varied according to the respondent type. The questions ranged beyond the topic of this current paper, but here we focus on the aspects of the broader study relating to our research questions. In all but three cases (due to logistical reasons), two researchers participated in each interview, with accounting and SME/Sustainability expertise respectively. The interview transcripts were coded according to the emerging themes relating to the research questions, and with the Habermasian steering framework as a broad lens. The data were treated as socially constructed accounts of the SMP/SME relationship and advisory role in relation to environmental sustainability and analysed accordingly. Additional supporting documentation and web-based material were gathered where possible but this is very limited due to the lack of external reporting by small businesses and the confidential nature of the material handled by accountants. The research team included individuals with specialist knowledge in accounting, sustainability accounting, and sustainability in SMEs, ensuring the necessary interdisciplinary approach to the topic was achieved.

There are a number of limitations to the research. As a small scale study we were only able to access a limited number of respondents. This was especially constricted in terms of the international element, with only a few inputs from outside the UK possible. Hence the study is not seeking to be generalizable and seeks instead to inform points for future research and substantiation. The accounts given by the SMPs could not be verified by any of the SMEs with which they worked due to reasons of client confidentiality. It was also clear from the outset that the research was sponsored by the professional accounting association in the UK, and since most of our respondents were active members of this body, they may have been influenced in their responses.

In the next section we provide our findings in four respects and then offer a concluding discussion in terms of the key elements of our theoretical lens.

SMPs STEERING THEIR CLIENTS FOR SUSTAINABILITY? A CONVERSATION RATHER THAN FORMAL ADVICE

The format of any environmental sustainability advice by SMPs to their clients was almost entirely informal in nature, taking the form of an ad hoc conversation exchanged during a visit – usually annual - for the provision of regular financial services. Several of the accountants attested to the informality of the conversations, which they initiated.

It's something to talk about, when you go and see clients, sometimes there's not a lot to talk about so you need to find subjects to talk about and I often bring up sustainability issues as a topic of worthwhile conversation (SMP5)

We're always seeing our clients and as we built this extension, which was... twelve months ago? And as we went through the process of getting the low-energy bulbs in, you just find yourself talking about it. In the next conversation that crops up, you find yourself passing on what you have done (SMP2)

We're professional accountants but we do the environmental thing as a kind of, 'here is an idea and something you can take forward' (SMP8).

Speaking personally, I'm not geared up for advising on this subject, okay, in terms of a formal report, etc., so it's[just] conversations... (SMP4)

There was a sense from the interviews that environmental sustainability was not a core aspect of their work but rather some sort of conversational device. It did not form a significant aspect of their work and importantly they did not charge clients for these conversations. SMP 8 was typical in stating that:

So, in terms of income, it's all accounting and not environment work. And then in terms of actual time spent working, it's quite a small amount on the environmental issues (SMP8).

SMP respondents drew upon personal experiences when having sustainability conversations and suggested that where environmental sustainability was discussed with SMEs, it was at the initiative of the accountant. The driver for the SMPs to do so was personal interest rather than expected financial gain. For example, one practitioner suggested that he talked to clients constantly about his interest in solar panels:

I've got a very keen interest in sustainability and solar and ground source technology. I'm interested in it and I've just had solar panels installed... they're [SME clients] bored to tears hearing about my solar panels (SMP5).

Past experiences with clients also gave the SMPs ideas to share with their SME clients.

But yeah, water consumption is another topic I've really got to grips with to great extent with clients in the context of the garden and telling them about my rainwater-harvesting tank. I can't stop telling people about them, yeah, no, I've had those sort of conversations with a number of clients about harvesting rainwater to reduce their mains water consumption, but mainly for domestic purposes, not business (SMP4).

For example, reference was made to knowledge gained from working with a client who was building a house for personal use. Such information was felt to be useful for the informal conversations about environmental sustainability issues of other clients such as commercial builders. In another example, one SMP learned about the environmental regulations that transport companies faced from a previous job.

The transport industry's been way ahead for years on sustainability, environmental issues. (SMP1).

The use of the conversational informal style of providing the support for environmental sustainability suggests the accountants were dependent on the "voice of the lifeworld" to engage with their clients (Barry et al, 2001; Mishler, 1984). Such a voice is natural and uncomplicated, easy to listen to and to influence listeners because it seeks understanding based upon shared values. It depends on the relational and personal and the taken for granted all elements consistent with the trusted advisor role (Blackburn & Jarvis, 2010). A significant resource drawn upon in introducing new topics such as environmental sustainability, even in just a conversational way, was the well of personal trust between accountant and client. SMPs reported the feeling that the environment was a kind of 'alternative' topic, to the hard financial

and business topics in which they routinely engaged. However, credibility and opportunity to go beyond the financial services remit was gained from the goodwill embedded in the commonly very long term relationship between SMP and SME, and the SMP proven track record as a sound financial service provider and- noted explicitly - trusted advisor. SMPs showed a great deal of awareness, and a degree of pride in their standing with their clients.

Because we're the most trusted advisor. Because our clients listen to us, and again I'm speaking for the profession. Our clients listen to us, they really take heed of what we say, because they're seasoned business people, at the end of the day. (SMP2)

Since the SMPs usually provided a wider service than straight accountancy and financial services, they were also able to draw on their multipurpose relationship with their clients.

Because, one, they trust us. Two, we're there for everything ...just everything. That's our real area of expertise and we provide a general practice service to them because the size of client we have are not big enough to have their own in-house qualified accountant, so they might have a book-keeper, they might do the books themselves but on the whole they will rely on us for everything, pretty much everything. So if they get anything to do with accountancy, tax, HR. Law, if they could get away with it, they'd have us sorting all their little problems out for them as well. But pretty much we are the one-stop shop as a business advisor to the small businesses. (SMP6).

Despite the evidence of relational steering and employing the “voice of the lifeworld”, there was confirmation that the conversations relied upon the accountants’ knowledge and skills as financial experts. The “voice of the lifeworld” seemed to be incorporated with the “voice of the accountant”. Thus the dichotomy that Barry et al (2001), (building upon Habermas notions of lifeworld and systems) suggest may not exist in such a stark manner but may be interwoven such that one depends on the other.

FINANCIAL EXPERTISE NECESSARY FOR RELATIONAL STEERING

As the trusted advisor, the SMPs were well placed to introduce new discussions and topics for consideration through the conversational devices employed around direct financial discussions. This trust-based relationship and proven track record was positioned – by them - as a unique resource for the SMPs we interviewed. In doing so they clearly constructed their relationship in line with the extant literature on the SMP-client relationship discussed above, as one of trusted advisor. While there was some hesitation to trade on this relationship in order to offer sustainability advice, combining good relationships with the accountancy knowledge held was perceived by some to give them an edge over the more generalist environmental consultant. A quote from SMP4 explains this thinking.

I, personally would like to see accountants take a lead in this, because I think they are well-placed to carry out these sort of [environmental] audits because of their close business relationship with clients and they are the trusted advisor, whereas ‘Energy Consultants’, if we lump them under that label, don’t have the relationships and perhaps don’t quite have the credibility because it’s new and nobody knows whether they’re any good or not (SMP4).

Furthermore, all SMP respondents suggested that the environmental sustainability conversations took place within the context of financial discussions that they held with their

SME clients. Thus although there was the use of the voice of the lifeworld and some communicative action, it was all enveloped within the context of the accountant as a trusted *financial expert*. The substance and type of advice provided by the SMPS to their SME clients related to cost savings and ways of their clients improving cash flows and profitability rather than pure green environmental issues. Additionally, this suggests that the SMPs as accountants also belonged to a subsystem that included other practicing accountants, with their own accounting values and interpretive schemes.

Again, just on the ad hoc basis, when we're talking about the numbers and talking about the results and talking about utility costs within that, talking about people that we know are putting solar panels up on their roofs and someone down the road has put a wind turbine up and the impact of that. It's that sort of discussion... (SMP2).

I think the way to start it is 'you can save money if you look, if you count your carbon footprints, because there's lots of technology out there that can help you be more efficient, use your energy more efficiently, that's basically in terms of electricity, gas consumption and mainly the fuel cost for fleet consumption'...So I think by showing businesses that you can control an energy cost you might then be able to open their eyes to other things about, '... you could ... by controlling costs you are...managing your carbon footprint but by de-carbonising you could change the way your whole business operates and make it more sustainable and durable'. (SMP7)

I think you'd bring it up in trying to save money by cutting electricity bills, I mean, I think that really would be...an opportunity there to open a discussion with [SMEs] about it. (SMP6)

A large part of the SMPs' discussions with their SME clients was aimed at ensuring that the businesses survived. The accountants talked about environmental sustainability only as part of financial sustainability conversations, thereby depending on their expertise and using the technical voice of accountancy. It was often in the discussion about costs, profits, budgets, risk management and strategy that many of the exchanges about environmental sustainability took place.

Yeah, it's the sort of discussions...I just raise it with people when I'm talking to them about profitability; I just sort of say 'Have you thought about any measures you can take to reduce your carbon footprint that might improve your profitability?' (SMP5)

When it comes to clients, again, I think most small businesses are... Life is so hard at the moment ... that the most interesting thing to them is the money saving. I mean, I'm sure they would tick the box saying, would you like to save the planet? Yes, of course I would, I'd love to do that. But fundamentally would you like to cut your stationery bill? Yes, I'd like to do that. So I think that's the real driver that will have an influence on small businesses. And if they can get down their fuel costs then that's something that makes people sit up and listen (SMP6).

Unlike the patient doctor relationship where Barry et al (2001) argue that the voice of medicine was off putting for patients, in this situation, our SMP respondents seemed to suggest that their trusted advisor relationship stemmed from them having common shared values with SMEs about business survival and finance, as well as financial expertise. They were peers of SMEs in their shared situation of running small businesses, having personal trust derived from the

relationships and allowing them to employ relational steering mechanisms. But they also had confidence as professional accountants with an underpinning institutional technical and professional expertise which supported this relational steering (Brown, 2008).

Really we share a common sense that financial sustainability is the starting point, because it's financial sustainability that allows you to be environmentally sustainable and help with the community, etc. So I think that we are both at a macro level and the micro level within the SMEs, it's one can't come without the other, because the business has to be there to be environmentally friendly, unless you argue that we'd be better off without the business and its impact. (SMP3)

In comments such as above, our respondents were in line with previous research findings that suggest that measuring environmental sustainability costs and raising awareness of the links between carbon consumption and cost to the business – i.e. promoting the ‘business case’ – will result in improved environmental and financial efficiency. This being the case, the typical accountant’s skills of measuring and subsequently analysing and reporting data to the client is of potential concrete value in environmental sustainability terms and to the client.

RISKS ASSOCIATED WITH RELATIONAL STEERING AND THE NEED FOR TRANSACTIONAL STEERING

Nonetheless, there was very little evidence that SMPs are making the leap from a largely latent interest in environmental sustainability to envisioning how their accounting skills could be used to offer advice of value to clients. Indeed, there seemed a distinct lack of confidence among the SMPs interviewed (with only two exceptions) in acknowledging that the skills they possess could be of formal value in this way. Furthermore, when asked what environmental sustainability issues were relevant to SMEs, the majority of accountants visibly struggled to identify a range of issues beyond those mentioned earlier, focusing primarily on the cost-cutting opportunities of reducing energy consumption. None of the respondents drew on any formal sources of information on environmental sustainability issues or mentioned any regulation or industry standards that their clients might follow. Some SMPs conflated environmental sustainability with the whole Corporate Social Responsibility agenda. Another SMP cautioned against being seen as experts on sustainability issues. SMPs remained generalist advisors.

I'm not entirely sure that we are the experts in certain parts of this, and I have reservations about whether we should be giving people advice, or what we should be doing is sharing information because we see other businesses do processes in very efficient manners, and maybe that's where we come in, we can just share experience or give them ideas but I think there's got to be some limitation to it. The carbon offsetting, you know the whole environment; we're definitely not the experts on that (SMP1).

The environmental sustainability discussions were purposely informal and general because the SMPs felt that they were not providing expert advice. They could not charge clients for this type of advice. Although SMPs are able to draw on their role as a respected business peers in order to introduce new topics to the SME, they needed to ensure that they maintained their business credibility. There were mixed responses to the question of the credibility of accountants as advisors on environmental issues with some SMPs acknowledging having limited subject knowledge.

You actually need a skill set that's probably...energy...a technology professional, someone who understands...how do you really use electricity and what does it mean? (SMP7)

*I am discussing it with them; I am certainly **not** discussing it with them as an expert. I mean, I can talk the numbers to death. I am quite happy, comfortable talking about the numbers. When it comes to sustainability...it is more life experience than expertise really. If I am talking to a client then it would [be] person to person and we all have **our slightly ignorant views**... (SMP6) [Emphasis added]*

In recognition of not having formal knowledge and expertise for providing chargeable environmental sustainability advice, almost all SMPs interviewed argued for a standard tool that could be used to collect, collate and guide and support them with the provision of environmental advice to their clients. Box 1 below summarises these appeals for a key transactional mechanism. Such a tool would codify environmental sustainability issues which can then be applied to clients and charged for. The tool kit would facilitate transactional steering, by providing them with a standardized product to use.

Box 1 - Calls for the accountancy professional body to develop a toolkit.

- *A professional body comes in and they can put together...a product...You can basically just buy the toolkit as you need it. (SMP6)*
- *This goes back to what we were saying about the ACCA coming up with a 'flat-pack'; 'ISO 14001 processes for accountants'. (SMP2)*
- *So if there was some form of [toolkit]...I think it's important to get the understanding that actually, we can actually save ourselves money and get Brownie points, yeah, and get people on board within our business ... so a profit-improvement little toolkit or something. (SMP5)*
- *But it is the difficulty of actually quantifying things. You give us a really good means of measuring against something, you know, we're your man, we will measure against it, but when it's just not clear or is so complicated, what do you measure? (SMP4)*
- *But I think the Institutes, they could help in pump priming, so we were talking earlier on about it would be really helpful if we had a simple tool and a structure within which to use it. (SMP5)*
- *Quite simple, there's got to be a standard, there's got to be a way of doing carbon accounting and this is the absolute thing that I've been on at ACCA... But what would help is just a system that's simple, robust and then gives comparability, ideally to come up with a sensible figure for CO₂-equivalent emissions per thousand pounds turnover and then people can benchmark and just use that as safe information. (SMP8)*
- *I think carbon foot printing could itself become quite simple, it could become quite simple and quite major, it's just a question of structuring data...if the data [are] in*

a format that computers can process it's done in seconds...at the moment the data [are] not put into computer systems in the way that the output, the information, can come out very simply. And I think that could change, I mean if there was a mandatory requirement for carbon accounting and carbon reporting – which I believe...has been pushed back a bit further –... that information requirement and that data definition requirement would be accelerated and businesses would know their carbon footprints. (SMP7)

Interestingly, the calls are for the professional bodies to develop this tool kit suggesting that the need is for the accounting profession to act as the *system* to respond to the lifeworld concerns for supporting and developing environmental sustainability advice. The system could provide the depersonalized and institutional trust on which the SMPs could depend upon. SMPs could then respond to this systemic steering media and there would be fewer risks of losing credibility associated with their personal trusted advisor roles. In terms of the Habermasian theory outlined above, this seems to suggest that the SMPs did not see themselves as the societal steering media, or as the organisational systems. They seemed to project themselves as best as sub systems requiring steering from the accountancy profession to legitimize their environmental sustainability advice. The following interview quotes exemplify these ideas.

.. so going back to the ACCA, yeah, the point there is that if they could help spread the message that these issues are important then that's good. Well, I think they could help get the message across that business can grow and look better managed and modern through thinking about the environment (SMP 8)

On a practical level, thinking about that influence on the SMPs, if the ACCA were to suddenly say that, "Right, this is a big issue for us, we're going to promote this to our members," how, and I know the members have to be receptive on one level, but how much of a two-way dialogue is there between the ACCA and its members? (SMP3)

One would lead to the other, that if you educated the SMP community they'd be educating SMEs more (SMP7)

To the SMPs in the study, it was important to be able to show the benefits of advice to SMEs before charging for the advice; this enabled the personal relational trust within the trusted advisor role to be maintained. This was because the accountant had to justify their advice and SMEs needed to see the benefits associated with the advice.

Because you can sell it to them if there's a benefit to them [SMEs]. So the question is, what's the benefit? And the obvious benefit is saving money! Yes... Toolkit... Yes, which you can then look to sell to your clients. But in other words, you can look to sell it and if you don't sell it you haven't wasted enormous amounts of resource developing something. You can basically just buy the toolkit as you need it. That might even be the toolkit is bought on a sort of per client basis so, you know, it'll cost you a tenner a client (SMP2).

To summarize our findings, SMPs employed mainly relational steering mechanisms to provide informal advice to their SME clients on environmental sustainability issues. Such advice was contained in conversations that included discussions about finance and business affairs, but were not charged for or invoiced to SME clients separately. In providing the conversational advice, the accountants relied on their personal trust relationships with their SME clients, their common

shared lifeworld values (lifeworld voice), and their financial expertise derived from being professional accountants within the system (the voice of accounting). Despite this, there was a desire for more transactional steering on the part of SMPs. They argued that, the professional bodies needed to provide institutional and instrumental trust to enable them to be more strategic with the provision of environmental sustainability advice.

In the final concluding sections we discuss these findings and their implications further.

DISCUSSION

In this paper we have used Habermas’ theory of communicative action to explore the provision of sustainability advice by small and medium sized accounting practices to their SME clients. The duality of lifeworld and systems, has been developed by other researchers into relational and transactional steering (Broadbent et al 2009); the voice of the lifeworld and the voice of the system (e.g. the voice of medicine) (Barry et al, 2001; Mishler,1984) and relational and personal trust vis a vis institutional trust (Brown, 2008). These dichotomies have veered towards the view that the relational is the preferred and the superior approach in that they operate to meet lifeworld concerns, in effect the agreed and shared values. In line with extant indications from the accounting profession, previous research and our theoretical discussion, we proposed that small and medium sized accounting practitioners would use communicative action to steer their SME clients to the lifeworld values of environmental sustainability. Our empirical findings did not support our proposition that in the context of a lifeworld of environmental sustainability, small and medium sized accounting practitioners can employ relational steering derived from communicative action to act as systems or steering media to promote environmental sustainability in their small and medium sized clients. Instead what we have found, as shown in Table Five, was that the data did not support the idea of accounting practitioners as the organisational systems to steer their clients via communicative action to a lifeworld promoting environmental sustainability.

Table 5: A Habermasian view of SMP accountant-client relationships and sustainability advice

	Proposal based on:	Findings indicate:
Lifeworld	Environmental sustainability	Financial sustainability
System	Small and medium accounting practitioners	Accounting profession
Steering mechanisms	Relational	Instrumental
Derived from	Communicative action	Strategic action
For example	Embedded trust	Toolkits

Our work, in contrast, suggests that in the context of the provision of environmental sustainability advice by SMPs to their SME clients, a separation of relational and instrumental steering may not be ideal. The trust embedded in the advisor role necessarily combines the relational and personal (communicative) as well as the institutional (strategic and instrumental). The relational may not be sufficient to steer SMEs towards practices that are environmentally sustainable, if there is an absence of institutional trust for sustainability issues. Thus returning

to Zucker's (1986) modes of trust, SMPs may possess process and characteristic-based trust, but do not hold the institutional based trust necessary to fulfil a credible role as sustainability advisors.

We find evidence of relational mechanisms, embedded in the social conversations which take place around the core financial business of the accountant-client exchange. According to this perspective steering is towards broad (rather than tightly defined) intentions to improve sustainability and "is the result of existing shared assumptions and values or from the process of deriving these through a relational discourse between stakeholders" (Broadbent *et al*, 2010: 508). Building on this work we argue that the trusted advisor role of the SMP only enables the introduction of sustainability issues into informal discussion with SME clients because it is based only on personal (rather than expert understanding of environmental sustainability issues) experience and personal knowledge.

SMPs are qualified and trained in their role as providers of accountancy and financial services. Significantly, there is a professional accounting system underpinning this and providing institutional trust for these services. Returning to the kinds of trust noted in the literature review, it is the accountant's competence in financial matters which is the foundation of trust. This takes the form of the techniques and systems they have available to them, and their professionalized expertise, backed up by accounting qualifications and, ultimately, the credibility of the profession as embodied by the professional associations and their bank of qualifications needed to allow an accountant to practice. However, SMPs are not trained in matters concerning environmental sustainability. We found in our research that the only basis of knowledge for environmental sustainability advice was experiential or in some cases based on observed experiences of other clients. SMPs used their own environmental sustainability experiences rather than any extended qualifications. It should be noted that environmental sustainability is an emerging, highly complex subject, requiring trade-offs and compromise, wherein even specialists fail to be certain about outcomes (Spence and Rinaldi, 2013). There is as yet no defined body of knowledge associated with it, nor is there a universally recognizable system responsible for it. Nevertheless in the accounting context, structures and systems are emerging at a global level in the form of the International Integrated Reporting Council (IIRC) which is a global coalition of the accounting profession, regulators, investors, companies, standard setters, and NGOs².

Thus *if* environmental sustainability is a lifeworld concern as we have assumed at the outset, how it is to be steered has only been debated at the highest levels of the global profession, not at the level of the small scale practitioner. Hence the call for a toolkit by the SMPs is a request for institutional and system ownership of a domain that falls outside their sphere of influence. Arguably, if the accounting profession becomes the system responsible for overall steering of environmental sustainability, the SMPs may become the organisational steering mechanism employed by them to achieve change. The request for a tool kit (in effect for transactional steering) signals the desire for institutional trust to be developed. It may also reflect their perception that environmental sustainability is an aspirational rather than an embedded lifeworld concern. Thus any steering must be strategic, a means to achieve ulterior – financial - ends, rather than an agreed and societally accepted goal to be steered communicatively. This finding puts renewed emphasis on the responsibility for the professional bodies, if they are serious about their responsibilities in promoting environmental responsibility to take a more

² <http://www.theiirc.org/>

active role which first seeks to bring SMPS more credibility into the lifeworld of sustainability before looking to their SMP membership to affect change on others.

CONCLUSION

To draw to a conclusion, in our study, we found extremely strong evidence, in line with the literature on SMPs as trusted advisors, of the *opportunity* for communicative, relational steering by SMPs as steering media on the behaviour and activities of their clients. However, our research was overall contrary to our proposition drawn from the literature that in the context of a lifeworld of environmental sustainability, small and medium sized accounting practitioners can employ relational steering derived from communicative action to act as systems to promote environmental sustainability in their small and medium sized clients

Notwithstanding the strong opportunity for relational steering, in our study we found the provision of environmental sustainability advice to SMEs to be highly limited. Furthermore, the SMPs in our sample did not charge separately for environmental advice. We found the support for environmental sustainability to be based on largely *ad hoc* conversational nature of the environmental sustainability advice given, which was shaped in the most part by the limited resources drawn on by the SMP. Key resources employed were personal experiences reflecting on environmental issues in the SMP practice itself and on SMP knowledge of both personal and commercial experiences of other clients. SMPs interviewed consistently referenced the need for a “tool kit” upon which they could depend for more formal provision of advice. Thus whilst most SMPs depended upon relational steering, there was a strong desire for transactional steering. This shifts the focus from SMPs to their professional associations as the systems by which steering for environmental sustainability may be achieved.

This research project was small in scale and naturally has the associated limitations of an unrepresentative sample. Nevertheless, we have sought to be measured in the claims made on the basis of this exploratory study, have been able to further the use of Habermasian theory in the accounting arena, and opened a research agenda around the role of accountants and the accounting profession in promoting sustainability. Future research should investigate further our claim that transactional steering is needed and will be critical in changing organizational practices around sustainability. Other theoretical perspectives might illuminate the research findings from different disciplinary and practical viewpoints which we would welcome. Indeed, since this research is exploratory in nature, a wider empirical study which seeks to test the findings more reliably internationally and across a range of SMP and client types would also be of value.

This research does not take place in a policy vacuum. Environmental sustainability advice needs for SMEs are changing in a context of new regulatory frameworks, legislation, public interest and competitive demands. Research on the dynamic nature and projection of environmental sustainability requirements for SMEs would be advantageous for understanding this complex but important terrain. In-depth, longitudinal case studies would be suitable methods to develop an understanding of the dynamics of environmental sustainability in SMEs and the role, if any, of the accountant. Furthermore, the empirical research was carried out during 2011/12, a time of economic crisis. This was consistently referred to by respondents as a major influence on attitudes to environmental sustainability. A comparable study in times or regions of economic prosperity would be very valuable, to illuminate the extent of the impact of the economic context.

Much has been written and claimed about the role of the accountant as the most 'trusted advisor'. This research has revealed a more finely grained understanding of the nature and limits of this role, particularly pushing further the theoretical understanding of the modes of trust concerned.

While the accounting professional bodies were not a research focus of this study, they are strongly implicated in the findings. Our respondents directed attention to the professional associations to lead them and in fact adopt the role of Habermasian systems to steer environmental sustainability. Research which studies the role of professional bodies in sustainability, encompassing their own actions as well as the techniques they propose and develop for their members, would be highly valuable

Finally, this paper is founded on the notion that practices must change if sustainability is to be enhanced. We have sought to use Habermasian theory to better understand the importance of debated and inter-organizational influences on practice in small and medium sized enterprises. We hope that this will ultimately better enable policy makers to set the environment for a sustainable future, and businesses to affect change both internally and externally.

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