

Different perspectives on biodiversity



**Conference Proceedings
Wednesday 18 August 2021
Hosted by the University of the Witwatersrand**

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Conference Program

Centre for Critical Accounting and Auditing Research
University of the Witwatersrand, School of Accountancy
Wednesday 18 August 2021

Plenary discussions

Plenary discussions	Speaker	Time
Topic	Speaker	Time
IFear4theFuture extinction accounting discussion	Professors Sonja Gallhofer & Mira Lieberman	09h15 – 10:30
Comfort break		10h30 – 10h40
More than just natural capital – on the relevance of environmental metrics for integrated thinking and reporting	Professor Jill Atkins	10h40 – 11h15
Topic discussions		
Topic	Chair	Time
Assurance, risk and governance	Gary Marques	11h30-13h00
Biodiversity and Extinction Accounting	Michael Buchling	11h30-13h00
Financial accounting	Wayne van Zijl	11h30-13h00

Editorial Board

The editorial board consist of the following individuals:

- **Professor Jill Atkins, Sheffield University.**



Jill Atkins holds a Chair in Financial Management at Sheffield University Management School and is also a visiting professor at the University of the Witwatersrand, South Africa. She previously worked as a professor at Henley Business School and King's College London.

Her research focuses on responsible investment, stakeholder accountability, social accounting, integrated reporting and corporate governance. Jill chairs the British Accounting & Finance Association's Special Interest Group on Corporate Governance and enjoys organising conferences which bring together governance specialists from the academia, corporate and investor communities.

She has recently co-edited a book on *The Business of Bees: An Integrated Approach to Bee Decline and Corporate Responsibility* as part of a long-term project investigating the role of accounting and responsible investment in preserving biodiversity and addressing the impacts of climate change on business. Jill's leading textbook, *Corporate Governance and Accountability*, is in its 4th edition.

- **Professor Frederica Doni, University of Milano-Bicocca.**



Frederica is Assistant Professor in Business Administration at the Department of Business Administration, Management, Finance & Law, University of Milano-Bicocca. She teaches Financial Accounting and Business Administration. Her main research interests are: International Accounting, Intangibles and Intellectual Capital, Performance Measurement Models, Integrated Reporting, Corporate Governance, Accounting History and Business Valuation.

She is author and co-author of several articles and books on above mentioned research areas. She attends as a speaker at many international conferences, such as EIASM workshops and the annual EAA congress. She collaborates with some research teams, such as the Network for the Italian Business Reporting (NIBR) and an academic group on the business valuation. She is a reviewer for some national and international journals such as RIREA (Rivista Italiana di Ragioneria e di Economia Aziendale), Contabilità e Cultura Aziendale, Journal of Applied Accounting Research (JAAR Emerald Group). Ordinary member of the “European Accounting Association” (EAA). She is a member of the Editorial Board of some academic journals of International Academy of Business and Economics (IABE).

- **Dr. Abeer Hassan, University of West Scotland.**



Abeer gained membership as Registered Practitioner at the Egyptian Society of Accountants and Auditors in Egypt in 2006. Additionally, she became a fellow in Higher Education Academy in 2009 and became a Senior Fellow in Higher Education Academy in 2015. Abeer has gained external funding from the Carnegie Trust and the Institute of Chartered Accountants of Scotland.

As the programme leader in Accountancy at the University of West Scotland (UWS), Abeer organised the programme's first official employability day at UWS Hamilton campus on Monday 31 March 2014. As evidence of excellence, One of Dr. Hassan's research papers won 'best paper' at the recent Cairo University International Conference on Accounting(<http://ebulletin.uws.ac.uk/2015/09/success-at-international-conference-for-uws-research-paper/>). Dr. Hassan also nominated for teaching star awards in 2015 and 2016 and also nominated for outstanding service for students in 2016.

- **Mr. Gary Marques, University of Witwatersrand.**



Gary is a senior lecturer at Wits Universities' School of Accountancy. His research focuses largely on technical accounting, corporate financial reporting and accounting education. He is

member of the South African Institute of Chartered Accountants (SAICA) and holds a Master of Commerce from Wits University. He is chair of the School's teaching and learning committee and is in the process of developing a PhD topic.

Gary's collaborative book on Assurance Risk and Governance is in its 3rd edition.

Publication report

Of the 9 papers submitted to the conference, 7 were accepted for presentation at the Centre for Critical Accounting and Auditing Research and Accounting Perspectives in Southern Africa Conference.

All papers submitted for the 'refereed category' were subjected to a rigorous process of blind peer review. The papers were submitted to two reviewers for blind review. Comments and suggested amendments from the reviewers were communicated to authors and the reviewers decided on the acceptance of the papers for inclusion in the conference proceedings. Reviewers also declined papers. These were not included in the conference proceedings.

A broad range of issues are covered by these conference proceedings including, for example:

- Developments in integrated reporting, including business models and integrated thinking;
- The implementation of biodiversity reporting as well as its relationship with circular economies; and
- Technical issues in financial reporting.

In conformance with the requirements of the Department of Higher Education and Training in South Africa, no university contributed more than 50% to the conference proceedings.

Abstracts for each of the accepted papers are included below.

1: A discursive analysis of audit firm executives in South Africa managing a severe legitimacy crisis

Michael Harber and Warren Maroun

Notre Dame University, Sydney and University of the Witwatersrand

1: Abstract

Purpose – Using an institutional logics framework which employs a legitimacy ‘as process’ conceptualization of auditor rhetoric, based on social constructivism theory, this paper examines the discourse of a Big Four audit firm (KPMG) whose leadership has been actively engaged in responding to a severe legitimacy crisis. In so doing we respond to calls for more research into auditor legitimation at an ‘agentic’ level, where ‘purposive actors’ engage in ongoing discourse to maintain or, in this case, restore, and propagate legitimacy. The KPMG saga in South Africa presents a unique opportunity to understand how audit firms, experiencing an existential threat to their social contract, defend themselves and rebuild public trust.

Proposed method – We intend to perform an interpretive discursive analysis of publications and messaging during an extended period from 2015 to date. A modified version of Van Leeuwen's (2007) typology of discursive forms of legitimation, integrated with Oliver's (1991) understanding of strategies of institutional resistance, will provide the analytical frame to examine the discourse.

Anticipated findings – We expect numerous forms of legitimation by rationalisation and moralisation, according to Van Leeuwen's (2007) typology, as KPMG engages with the regulator, the legislator and the investing public to rebuild trust. We also expect KPMG to exhibit strategies to resist (1) having its license revoked, and if not revoked, (2) onerous regulations and fines imposed. According to Oliver's (1991) strategies of resistance, the legitimacy-deficient context and resolve of actors to hold KPMG accountable, will likely mean that KPMG cannot mount an ‘active’ resistance against these pressures. We intend to interpret the ‘passive’ resistance strategy adopted by the firm’s new leadership.

Implications – Auditors are supposed to safeguard financial reporting quality and help facilitate the smooth functioning of capital markets. The audit profession has become highly influential in recent decades, with the global strength of the Big Four sometimes accused of manipulating regulatory processes to achieve preferred policy outcomes in local settings (Cooper & Robson, 2006; Malsch & Gendron, 2011; Sikka & Willmott, 1995). Understanding of auditor legitimation techniques can enhance the ability for society to foster democratic control of the audit profession and implement regulation which restores balance between professional ideals and economic interests (Canning & O’Dwyer, 2013; Cooper & Robson, 2006; Dellaportas & Davenport, 2008; Sikka & Willmott, 1995).

2: Exploring the Effectiveness of Sustainability Measurement: Which ESG Metrics Will Survive COVID-19?

Jill Atkins¹ – Federica Doni² – Andrea Gasperini³ – Sonia Artuso³ – Ilaria La Torre⁴ – Lorena Sorrentino⁴

¹University of Sheffield, UK – ²University of Milano-Bicocca, Italy – ³AIAF, Italy – ⁴CSR Europe

1: Abstract

Purpose – This paper hopes to give a general state of play on ESG integration and supported by a qualitative research approach aims to assess if current metrics system is valid and will survive the COVID-19 crisis.

Design/Methodology/Approach – Drawing on semi-structured anonymous interviews with 14 senior managers of six European listed companies we use a sociological framework by assessing the mechanisms of reactivity on the effectiveness of ESG measures in times of COVID-19.

Findings – By interpreting the practitioners’ points of view through the lens of the sociological framework by Espeland and Sauder (2007) our findings show different mechanisms of reactivity by companies on the effectiveness of ESG measures in times of COVID-19, i.e. active and passive conformity and active resistance. We also identified the main Corporate Social Responsibility (CSR) institutional factors that affect managers’ reactivity.

Research limitations/implications – An extensive re-formulation of the ESG metrics is required in the light of times of crisis, given that accountability and transparency are strongly linked to quantitative measures which can play a critical role in the financial system and investors’ engagement.

Practical implications – Particularly, the strict distinction between “E”, “S” and “G” issues should be abandoned claiming a different holistic re-design of sustainability measures by considering the relevance of the social dimension.

Originality/Value – This study presents a valuable contribution to the existing literature on the measurement of sustainability within the topic of accountability and crisis by highlighting new corporate needs to re-design the ESG metrics system.

Keywords – pandemic crisis, ESG disclosure, metric, reactivity, institutionalism, resilience

3: Biodiversity and extinction accounting in the financial sector. Evidence from an Italian bank

Federica Doni, Silvio Bianchi Martini, Antonio Corvino

University of Milano-Bicocca, Italy

1: Abstract

A sixth period of mass extinction, i.e. Anthropocene Extinction, with extinction of flora and fauna is currently affecting the world. This event is caused by multiple factors due to industrial activity, growing human populations, global warming, climate change, habitat loss, air and land pollution. Industrial and business activities are affecting natural capital and species extinctions either directly or indirectly. Biodiversity loss and ecosystems crisis are material issues for private sector. This research aims to find out from industry experts details about the biodiversity loss and species extinction crisis, better understand risk management practices and accounting frameworks for natural capital preservation by collecting suitable data on sustainable business and finance and investment products to address this key issues.

The finance sector and mostly the banking industry has to define and improve its contribution to preserve our planet and ecosystems. In spite of an increasing development of guidelines and reports to support banks in implementing and reporting actions for climate change, reporting of biodiversity issues has not been defined in appropriate way. Investment funds and ESG ratings are including biodiversity issues, in their methodologies. In addition, the topic of biodiversity finance is becoming well-known in the finance context. As climate change has been recognized as the most important driver of the biodiversity loss, the association between these two issues leads to an enhancement of the biodiversity issues. In this perspective, few banks are committing to improve their practices for instance by developing environmental policies to obtain specific environmental certifications (i.e. EMAS). In the Italian context, we selected one of the most important bank, i.e. FinecoBank, as an example of best practices in managing environmental actions and policies. FinecoBank puts forth a very broad concept of sustainability by linking ESG issues to one of the most important key value, namely the respect of customers. As a network bank, the Fineco Group plays an active and proactive role in disclosing its commitment to environmental issues and in raising awareness into its network of financial advisors. Despite of the poor impact on biodiversity loss, Fineco Bank acknowledges the relevance of these topics for the financial industry and it strongly supports several initiative to preserve directly and indirectly biodiversity crisis, in Italy.

4: Investigating Biodiversity and Circular Economy disclosure practices

Abeer Hassan and Lee Roberts

University of the West of Scotland

1: Abstract

Business activity has contributed to biodiversity¹ loss & Covid-19. The Circular Economy (CE) system is recommended as a way of recovery and to improve global resilience. By implementing CE, the Linear model “make, take, waste” is replaced with “reduce, reuse, recycle”. Combining accounting and ecology, we examine the intersectionality between biodiversity and CE. Therefore, the research aim is to investigate companies’ reporting practices on both CE system implemented and the corrective actions taken to repair biodiversity. To achieve the research aim, we developed a new disclosure index that includes both biodiversity and CE measures. Data is collected from 28 companies operating in three different industries sectors (Aerospace & Defense, Motor Vehicle & Parts, and Transportation) for 4 years (2012, 2014, 2016 and 2018). Our results show, in general, the overall scoring of disclosures is low, with companies providing minimal and vague information and many companies scored ZERO in all of our disclosure items showing that companies have a lack of knowledge on the biodiversity and CE concept. However, there is an increase in the level of disclosures on both biodiversity and CE between 2012, 2014, and 2016 and there is a small decrease for the 2018. Furthermore, the Motor industry is providing more disclosure on both biodiversity and CE, followed by Aerospace & Defence and Transportation industry was the lowest in providing disclosure on both Biodiversity and CE. Our study contributes to both biodiversity and CE literature as well as providing some insights on the interconnection of both concepts which is crucial for future sustainable development.

¹ Biodiversity is the infrastructure that supports all life. It refers to humans, fauna (animals) and flora (plants).

5: An evaluation of the impact of IFRS 15 the internal operations of South African listed companies

Iolanda De Sa Silva, Warren Maroun and Wayne van Zijl

University of the Witwatersrand

1: Abstract

While there are numerous examples dealing with how new accounting standards affect reported figures. In contrast, the implications of changes to accounting standards on a firm's internal operations are not well understood. The current paper addresses this gap by exploring the implication of the recent release of IFRS 15 on a sample of South African firms. Data were collected from 20 in-depth interviews with preparers, academics and auditors to study the effect of IFRS 15 on companies' internal operations. Results reflect that the following 4 areas may be impacted by IFRS 15's implementation: (1) strategy, (2) level of collaboration, (3) training and (4) information systems. The findings confirm that accounting standards do not only affect how organizations report to financial capital providers but have broader implications for their business processes.

Keywords – IFRS, organizational change, strategy, IASB

6: Determinants of sustainable assurance: Evidence from the South African mining industry

Wayne van Zijl, Warren Maroun, Dannielle Cerbone

University of the Witwatersrand

1: Abstract

In response to the increasing emphasis on sustainability reporting, this paper contributes to the sustainable development literature by exploring possible drivers of the decision to have environmental, social and governance disclosures and systems subject to external assurance. Data are collected from the South African mining sector which has an established record of assuring corporate reports and self-selection bias is mitigated. The results show that, in established assurance markets, the primary consideration is the cost of marginal assurance. This is most likely because the benefits from reducing information asymmetry and managing stakeholder expectations over report credibility have already been realised.

Keywords – assurance, integrated reporting, South Africa, sustainability

7: An Analysis of The Value-Added Tax Effects of Complex Financial Arrangements

Jared Lebos and Faeza Soni

University of the Witwatersrand

1: Abstract

South Africa introduced VAT through the enactment of the Value-Added Tax Act 89 of 1991 ('the VAT Act'). A recent court decision is important, regarding VAT within a 'web of transactions.' Financial institutions often bundle multiple services into one transaction. Often such services are a mix of taxable and exempt supplies. The court's approach to the application of VAT with respect to a 'web of transactions' raises a need to consider economic substance of the arrangement in addition to its legal form.

This paper adopts a theoretical approach. It makes submissions on how financial service providers may account for the related output tax arising from certain complex financial arrangements. This paper is limited to the application of the VAT Act only and does not consider other fiscal legislation and its interaction with the VAT Act in this regard.

Keywords – Value-Added Tax, financial services, exemptions, complex financial arrangements

8: Implementing biodiversity reporting: Insights from the case of the largest dairy firm in Asia

Yanqi Son

University of Shanghai for Science and Technology

1: Abstract

This paper aims to contribute to the existing biodiversity accounting literature by exploring biodiversity reporting of the largest dairy producer in Asia called Yili Group. Yili Group claimed its 2017 biodiversity report was the first biodiversity report in the world. We use impression management, greenwashing, organised hypocrisy, stakeholder theory, legitimacy theory, signalling theory and institutional theory to understand firms' motivations to report biodiversity disclosures. Content analysis of the biodiversity reports, as well as interviews with stakeholders are employed for data collection. The results indicate that the current biodiversity reporting practice by the case firm is not good although it has been improving over three years. Disclosures on performance evaluation, species which it affects, negative information about its impact on biodiversity are scarce, especially in a quantitative way. This paper helps to promote the spread of biodiversity reporting in China and provides some implications for addressing severe problems existing in biodiversity in China. This paper also seeks to push forward the boundaries in biodiversity accounting and proposes the application of integrated reporting for presenting biodiversity disclosures in the times of COVID-19 pandemic.

Keywords – Biodiversity reporting, Content analysis, China, Dairy industry, Interview

9: Business Model Disclosures and Integrated Thinking

Thomas Gutmayer, Dannielle Cerbone and Warren Maroun

University of the Witwatersrand

1: Abstract

This paper assesses the extent to which integrated thinking has been applied in the construction of business models by exploring business model disclosures in the integrated reports of a sample of companies listed on the JSE². The paper adds to the limited body of knowledge on integrated reporting and integrated thinking. It also sheds light on how one of the key principles of King IV is being interpreted and applied in a South African context. Content analysis was used to identify and classify disclosures dealing with different aspects of the business model. The frequency of disclosures was then determined. Associations among the disclosures are evaluated using non-parametric correlation tests. This is supported by a Kruskal-Wallis test to evaluate how the total number of business model disclosures change as integrated reporting quality increases. Results suggest only limited integrated thinking in the construction of business models. The frequency of certain business model disclosures increases as the integrated reporting quality increases. These changes were more noticeable for larger companies than for smaller companies. The findings are subject to important limitations: since the sample consists of only listed companies, it may not be possible to generalize the results to non-listed companies. Furthermore, the absence of a framework governing business model disclosures may negate the comparability amongst integrated reports.

Keywords – business model, integrated thinking, integrated reporting, integrated reporting quality, disclosures, correlations

² Johannesburg Stock Exchange

Appendix 1: Papers per university

Number of Papers per University	
Name	Count
University of the Witwatersrand	5
University of Milano-Bicocca	1
University of West Scotland	1
University of Shanghai for Science and Technology	1
University of Pisa	1

Appendix 2: Publication details

The purpose of Accounting Perspectives in Southern Africa (APSA) is to disseminate accounting-related research which makes an important contribution to the academic and professional accounting literature. The journal's target audience includes:

- accounting academics,
- accounting practitioners,
- industry preventatives,
- postgraduate students in accounting,
- professional accounting bodies and
- regulatory bodies

The journal seeks to promote original research. Areas of interest include, but are not limited to,

- accounting education,
- business management,
- business strategy,
- corporate governance,
- financial reporting,
- integrated reporting,
- sustainability reporting,
- theoretical perspectives on accounting and
- case studies on practical accounting-related issues.

All articles appearing in APSA and in these conference proceedings are subject to the journal's peer review process. This requires the review of each article by at least two independent academics and/or practicing accountants/ relevant industry specialists. Manuscripts submitted to the conference were anonymized to ensure the integrity of the peer review process. Publication details are as follows:

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