Accounting Systems and Integration of Sustainable Development Goals (SDGs) into Corporate Operations

90

Magnus Frostenson

Contents

Abstract

Following the introduction of the Sustainable Development Goals (SDGs), many companies claim to adopt them in one way or the other. Guided by the "SDG Compass" and other tools, companies are advised to go through a process of trying to understand the SDGs, defining priorities, setting goals, integrating, and reporting and communicating the results. The article points to the nature of implementing the SDGs in business, including going from macro to micro goals, managerialism, and instrumental rationality, all implicitly present in the discourse of SDGs. Such an understanding on how to implement the SDGs, however, requires a strong role of the accounting system of the firm. Based on a theoretical framework, the various roles of accounting assumed in the managerial and instrumental approach to the SDGs are discussed. These roles include the potential of the accounting system to territorialize (sustainability) issues, mediate these to other arenas or higher-order contexts, adjudicate between success and failure, and subjectivize or incentivize people within the organization. The problem of playing out these roles in relation to the SDGs is discussed, as well

M. Frostenson (✉)
Örebro University School of Business, Örebro, Sweden

Østfold University College, Halden, Norway
e-mail: Magnus.Frostenson@oru.se; Magnus.Frostenson@hiof.no

J. D. Rendtorff (ed.), *Handbook of Business Legitimacy*,
https://doi.org/10.1007/978-3-030-14622-1_110

as the perils of doing it, including the risk of losing sight of ethical business conduct as an action-guiding principle.

Keywords

Accounting · Integration · Roles of accounting · SDG Compass · SDGs · Sustainability

Introduction

The introduction of the Sustainable Development Goals (SDGs) in late 2015 implied points of reference for social and environmental development on a worldwide scale. The support for the SDGs has been massive, at least in leading political circles as well as in other parts of society, including business. Scores of representatives of political bodies, business itself, researchers, and others contend that the SDGs are of relevance to business. It has been claimed that the SDGs "represent an unprecedented political consensus on what level of progress is desired at the global level—and this is an opportunity for companies to apply a similar approach across a wide range of sustainable development challenges" (GRI et al. 2015, p. 18).

Commonly, the SDGs are treated as distinguished points of reference through which business operations are modelled or shaped to provide specific contributions to the achievement of the goals. As argued by former UN Secretary-General Ban Ki-moon: "Business is a vital partner in achieving the Sustainable Development Goals. Companies can contribute through their core activities, and we ask companies everywhere to assess their impact, set ambitious goals and communicate transparently about the results" (GRI et al. 2015, p. 4). From a goal-setting perspective, the SDGs have been understood as "governance through goals" (Biermann et al. 2017, see also Lashitew et al. 2018). Accordingly, the SDGs can be seen as action-guiding goals that tend to be understood as something that should be integrated into business operations. From a business perspective, the entire approach builds on an outside-in perspective where companies face and try to solve sustainability challenges through applying its resources, competencies, and innovation skills (Muff et al. 2018). Through the overarching framework of the SDGs, companies steer, shape, communicate, and report their strategies, goals, and activities (GRI et al. 2015).

Some attention has been paid to *how* companies could and should integrate the SDGs into their operations. Even though many agree that business has a role to play in the achievement of the SDGs, it is not altogether clear what companies should do with regard to the SDGs, as these goals do not contain any binding framework for specific action (Biermann et al. 2017; Voegtlin and Scherer 2017). Scholars have recently argued that companies should "support" them (Bowie 2019), for example, through collaborating with NGOs and other interested parties. Others have seen the SDGs as catalysts or sources of inspiration for companies to develop sustainability strategies (Burritt et al. 2018) or for innovation (Voegtlin and Scherer 2017). However, more specifically, intellectual and practical support devices and frameworks are designed to assist companies in their work of integrating them. One example is the SDG Compass (GRI et al. 2015). An important aspect of the suggestions given in the framework(s) is the use of the *accounting system* as a tool to integrate the SDGs in business operations – through various, in particular calculative, micro-level accounting technologies (Bebbington et al. 2007; Bebbington and Unerman 2018). Significantly, PWC (2018) found that while 72% of more than 700 surveyed companies mention the SDGs in their reporting, only 28% of them disclosed "meaningful" key performance indicators (KPIs) related to the SDGs. Using the accounting system as a tool for integration is strongly recommended by practitioners and researchers.

A consequence of such recommendations is that the enactment of SDGs in business will be conditioned by the features, roles, opportunities, and limitations of the accounting system. This article focuses on the roles of the accounting systems and their relevance for the integration of the SDGs in business operations. The specific research question of the article is: "How is it possible to integrate SDGs in corporate operations through the accounting system given the acknowledged roles of this system?" Specific accounting technologies are not the focus of the article but rather the roles of the accounting system in relation to the SDGs as adopted by the firms and, in particular, as described by Miller and Power (2013).

Thus, the article first characterizes the way the SDGs are recommended to be integrated through the accounting system. Then it brings up four specific roles of the accounting system and links these to the idea of integration of SDGs into business operations from a performativity perspective. An analysis follows and conclusions are drawn. Specifically, two features of using the accounting system to integrate the SDGs will be highlighted: the aspect of "role weakness" and the issue of arbitrary presentations of success and failure through the accounting system.

Integrating the SDGs

The nature of the SDGs – global governance tools to be used, translated, and adapted at local levels – has implied a need to understand how to use and implement them in specific contexts. One such context is business. Reaching the SDGs requires economic growth under socially and environmentally acceptable conditions. Business faces expectations to act responsibly in all its operations, thereby leveraging and contributing to the fulfilment of the SDGs.

This is not just a general stance of central actors in the field. Indicators for measuring and evaluating the achievements of the SDGs are not just developed at the macro-level (Hák et al. 2016). Concretizations with regard to how business should act have been published. The SDG Compass has been developed by the UN Global Compact, the Global Reporting Initiative (GRI), and the World Business Council for Sustainable Development (GRI et al. 2015). The SDG Compass could be seen as guidelines for integrating the SDGs into business operations. Other initiatives also exist, for example, the SDG Accelerator, developed by UNDP Denmark, aimed specifically at small- and medium-sized companies.

Overall, in the SDG Compass, companies get the advice to go through a process consisting of five stages; understanding the SDGs, defining priorities, setting goals, integrating, and reporting and communicating the results. This is a process that entails an understanding of integration not only in a general sense, through an overarching strategy, but also more specifically, through integration into the *accounting system* of the companies. Through the accounting system, representing and to some extent defining the business operations to be pursued, the company gets a means through which the SDGs are not only communicated and/or decoupled from the organizational realities. Rather, the constitutive and action-guiding frames of the accounting system help to define, visualize, and measure what the company should strive for – also with regard to sustainability.

To exemplify how the SDG Compass illustrates this idea, the second stage of the process, that involves setting goals, consists of four actions: defining the scope of goals and selecting key performance indicators (KPIs), defining baseline and selecting goal type, setting the level of ambition, and announcing commitment to the SDGs. At the time of this writing, and illustratively, the online resource of the SDG Compass contains no less than 1,553 indicators relating to the SDGs, many of them GRI indicators. Clearly, the use of KPIs is considered essential when it comes to setting goals that are driving, monitoring, and communicating progress. The accounting system is not just an option to use, rather, it is understood as the way through which goals can be reached. It represents an idea of how sustainability is actually realized from a functional perspective. Using the accounting system facilitates the materialization of a corporate sustainability strategy (Adams and Frost 2008, and many others).

Such an understanding of how to integrate the SDGs – i.e., through the accounting system – is not only reflecting a practical "how to do it" approach, developed by practitioners. It has also been advocated among accounting and sustainability researchers. Corporate sustainability "requires integrative measurement and management of sustainability issues rather than isolated applications of different tools in the organization" (Maas et al. 2016, p. 237). Pointing more specifically to accounting technologies and the SDGs, Bebbington and Unerman (2018, p. 16f) claim that "the technologies of accounting, target setting and reporting are required within the UN SDG architecture of 'metagovernance' and this represents an opportunity for scholars in evaluating and advancing how accounting is used in this context." The possibility of integrating SDGs into "integrated reports" has been discussed (e.g., Adams 2017). Pointing to the participation of various actors, Bebbington and Unerman (2018, p. 10) also mention the accounting profession and its potential to "develop an important role for itself as part of the intervening process in helping translate and adapt the government-level commitments within the SDG targets into organizational-level actions and achievements." This is also congruent with the more general idea of "governance through goals" (Biermann et al. 2017), which requires from a business perspective that companies identify key areas in which they can contribute. A general control and accountability perspective entails going from awareness of macro goals to the definition of micro goals at the business level. Another way of putting it is to point to the holistic and multidimensional view of (sustainable) development that the SDGs provide (Pradhan et al. 2017) and the need to translate or reenact the overarching ambitions of the SDGs into more specific issues, within the scope of companies to grasp.

As said, establishing the SDGs, making them work in a business context, seems to presuppose the accounting system as the entity *through which* the company can define goals, targets, and objectives – and, also, through the system, measure the achievements of all these. It is rationalized into an architecture of means-ends relations, relating to sustainability (cf. Meyer 1986). In the literature and practical approaches to integrating the SDGs, it is obvious that a relatively uniform understanding of the accounting system is present. Two features stand out. First, the system is instrumental to reaching sustainable ends. Second, the application or use of the system follows more or less a managerial route, where "the company" (reasonably enough top or departmental managers) sets targets, chooses indicators, and so on. An implication is a relatively unproblematized hierarchical conception of how the accounting system works and "should" work. Little reflection, however, seems to be devoted to more deeply rooted analyses of what an accounting system is and the roles it plays out – and, as a consequence, how that conditions and challenges the possibilities of using the system to achieve relevant ends. The following section provides a theoretically grounded discussion on the topic.

The Roles of Accounting

The integration of SDGs in business operations, thus, presumes the use of the accounting system to achieve relevant ends. Considering the development of sustainability reporting, tools, and systems for sustainability control, this hardly comes as a surprise. Accounting also contributes, or may contribute, to transparency, facilitation of control, visualizing performance, evaluation, and comparisons of performance.

However, a consequence of using the accounting system to attain sustainable outcomes is that sustainability as such (or, rather, how it is dealt with and understood) becomes conditioned by the frames and roles of the system. Relevant not only to financial accounting or management accounting but also to various forms of sustainability accounting or control, the accounting system plays out a number of roles that have been identified theoretically.

The literature points to somewhat problematic roles of accounting, stretching far beyond attempts to make corporate activities transparent and manageable. From a theoretical perspective, the comprehensive account of Miller and Power (2013) offers insights into how various roles or functions of accounting play out. Behind this, one finds a recognition of the mutually constitutive nature of accounting, organizing, and economizing. Accounting is not (only) to be seen as a technical activity of instrumental kind. It is not a literal, objective representation of occurrences in the organization (Boland and Pondy 1983). Accounting is better understood as construction than representation (Mouritsen and Kreiner 2016). It is also constitutive of the practices that it is supposed to measure and visualize, that is, it has a very strong role with regard to the activities and people it is supposed to represent (see also Vosselman 2014). Relating this to the integration of sustainability issues into the accounting system also requires an understanding of how it relates to the acknowledged roles of accounting. Following Miller and Power (2013), accounting takes on four roles, in turn, *territorializing*, *mediating*, *adjudicating*, and *subjectivizing*. Through enacting such roles, accounting tends to *shape* and even *constitute* the areas that it is supposed to represent. Economic theory, in this sense, manages to shape, format, and perform reality, a belief that has been labeled the "performativity thesis" (Vosselman 2014).

Abandoning the idea of accounting as pure representation of a certain development or state of the art, Miller and Power (2013) bring up the *territorializing* role of accounting. This role implies the recursive construction of calculable spaces, inhabited by actors within organizations and society. Put in other words, accounting is not a passive representation of something that is given. Rather, it is constitutive when it comes to creating or making up the territories that it is supposed to represent. Reality is not passively mirrored or visualized. Through territorializing, spaces are constructed that accounting is claimed to represent. Mennicken and Miller (2012, p. 21) contend that the territorializing capacity of accounting is conducive to "making the previously incalculable calculable, reframing the concerns of others in ways that are amenable to its repertoire of ideas and instruments."

Relating this to performance measured in specific ways, spaces (activities, etc.) that are measured are defined by the very fact that (and how) they are measured. Expressed somewhat differently, measures are "forms of social territorialization, that institute simultaneously a range of tools and the environments where they are deployed" (Brighenti 2018, p. 38). Territorialization entails territory-making acts, achieved through active reduction of "space" –for example, reducing the performance of a professional teacher to whether he or she communicates clearly, measured on a scale ranging from 1 to 5 (Englund et al. 2019). With regard to sustainability, this is not a denial of the fact that, for example, CO2 emissions or sick leave rates can be measured as higher or lower. But what accounting does is to shape the territory in which such measures constitute "environmentally friendly" or "sustainable." This is usually done in quantitative terms implying a domain configuration into numbers, through which criteria for good and bad sustainability, etc. are shaped. Essentially, what is complex and vague goes through a formatting (in terms of numbers) that implies a reduction. The very activity is constructed through the accounting system.

When territorialization has taken place, a recontextualization may follow, implying that the numbers, narratives, or what has been defined as the measure of performativity have the capacity of being mediated. *Mediation*, thus, is the second role of accounting, as understood by Miller and Power (2013). Mediation can be seen as the "linking capacity" of accounting. Miller and Power (2013) talk about how accounting (instruments) links up distinct actors, aspiration, and arenas. Once the reduction into one specific format has been made (cf. territorialization), what has been reduced can be related to other contexts that have also been reduced in the same way.

The spaces that are linked to each other are frequently calculable and can, for that reason, be related to each other. Performance on different arenas are formatted in equal or comparative ways. Importantly, mediation can be done in space, but also in time, suggesting improvement or deterioration over time. And, further, such mediation may also be related to higher levels of abstraction, rationales, etc. For example, once again relating the discussion to sustainability, the comparisons of different achievements with regard to emissions, workplace incidents, etc. are linked to each other at a higher level, as "sustainability," where one company may be deemed better than another. That is, a reframing of the domain to higher (or other) discourses and narratives takes place. This also allows for links to ideologies or understandings of a higher order. Mediation, in this sense, creates links and relations to other contexts, inhabited by other actors, procedures, or activities. Polluting industries can be classified as unsustainable compared to others. Or employee satisfaction indices of blue-collar workplaces can be compared with white-collar workplaces. Essentially, what is complex and to a high degree different can be reduced into one format and transferred to other contexts.

Adjudicating constitutes a third role of the accounting system. After constructing (territorializing) and mediating activities, achievements, performances, etc. in space, time, and to higher levels of abstraction, the role of adjudicating refers to the active or even decisive role that accounting plays in evaluating performance, both of organizations and individuals. This also entails determining what should count as failure. Adjudicating, however, is not just about preferring one figure or achievement over another in a more technical sense, as visualized in the accounting systems. The process or role of adjudicating is essentially normative. Making actors (individuals, companies) responsible or holding them accountable for their visualized achievements mirrors and reproduces various norms, ideologies, or preferences concerning how to understand performance of the task at hand. Various ideas (in the literature often related to as the market, efficiency, responsibility, etc.) work and manifest themselves through accounting. The accounting instruments also convey such ideas through its technologies of accounting. They, thus, reconstitute and manifest normatively the domain that they are supposed to measure. Normativity, thus, is supported *through* the use of the accounting system. In the case of sustainability and how it is measured, normative assumptions also play an important role in constituting what good performance actually is.

Finally, Miller and Power (2013) point to how performative technologies tend to elicit particular *subjectivities*. The *subjectivizing* role, consequently, pertains to the individuals within the system. Accounting is a subjectivizing practice in the sense that individuals are subjects of control or regulation by others, while retaining the idea of the free individual, free to choose among a number of alternatives. This essentially human aspect relates to individual within the system. Mennicken and Miller (2012) point to the capacity of accounting numbers to create and constrain subjectivity. Essentially, subjectivizing can be explained by the visibility and transparency of each individual's efforts that accounting creates. When individual performance is assessed, it tends to concern the individual and affect in the sense that a "calculating self" comes into being. That is, someone fully responsible for his or her actions and achievements in relation to others or some pre-defined norm. In doing so, the individual accepts the demands of performativity and internalizes them to such an extent that external control becomes less necessary. Comparing oneself to others and to keep track of one's performance in relation to others and to normative expectations becomes part of what you are as a professional actor. This form of self-regulation ties the individual to the accounting system and makes its normative assumptions part of the individuals' self-understanding of what a good performer is.

It should be said that the analysis of these roles has been made primarily within financial or management accounting. But notably, the roles are also supported by the development of sustainability accounting standards, such as the GRI Standards. Essentially, the integration of SDGs into the accounting system requires an analysis of the ways in which the roles of the system play out and make integration possible, if it does.

Analysis: The Roles of Accounting and the Integration of the SDGs

The accounting system visualizes in particular ways, as described, a calculated notion of performance, where the "results" generated in different places and in different arenas can be linked to each other at increasingly higher levels of abstraction. A fundamental question is whether it is possible to treat sustainability in this way. Another way of asking the question is whether it is possible that vague performance objects become operational through the accounting system (Power 2015). Integrating the SDGs through the accounting system is an effort "to create new accounting and performance facts and their associated technical infrastructures" (Miller and Power 2013, p. 581). Of course, this is not unique to the SDGs, but pertains to the entire sustainability accounting/control discussion. Evidently, and also as Miller and Power (2013) argue, this is not only a macro-level phenomenon but relates to idealized action and performance within organizations. From a research perspective, the adoption of the accounting system as instrumental to behavioral changes requires a "micro-level behavioral examination of the roles of accounting within organizations and in relation to group dynamics" (Miller and Power 2013, p. 563). In modern society, accounting is fundamental to subjectivizing and responsibilizing individual actors.

However, there is a difference between a macro-level understanding of the very strong capacity of the accounting system and the micro-level organizational worlds where the roles of the system play out (or not). Once again emphasizing the linkage between integration of SDGs and the accounting system, it is worth asking which possibilities that exist to turn sustainability into a calculable space and to do so within the organizational context presumed in the discussion. And if such a thing is possible, one may wonder about the consequences thereof, and whether such integration is, given the consequences, something to aspire for.

Some researchers (e.g., Englund et al. 2019) have seen the roles of accounting as interrelated. The nature of the interrelation of the roles is worth highlighting in an analysis, in particular since one could relate the interrelation to the "functionality" of the accounting system to achieve performative outcomes. That the roles play out, more or less in relation to each other, is a fundamental explanation for the accounting system's (assumed) capacity to "work" as conducive to sustainability performance. Seeing the roles as interconnected facilitates an understanding of, and a theoretical explanation for, the potential success or failure of integrating the SDGs into the accounting system of individual firms.

Thus, let us take a closer look at the roles in relation to the SDGs and treat them in a coherent context. What Miller and Power (2013) say is that (the roles of) accounting has evident effects on how we look upon performance and ourselves. The accounting system is strong, according to such a view. If it is used in a way that makes all roles come into play, the calculable spaces will be conditioning how we look upon performance in relation to others – and ourselves as performing actors within the organization. Integrating a logic of (measurable) sustainability performance into the accounting system has been widely discussed in the literature. However, so far, it is hardly fair to say that companies have managed to achieve such performance logic through the accounting system, at least not to such levels that it has fulfils the roles possible to carve out within and through the system when it comes to performance measurement.

The issue of territorializing sustainability is probably not the most difficult one with regard to the accounting system, at least not in a more technical sense. The interpretation or translation phase of an overarching SDG requires reflection on business operations in relation to the goal(s). Indicators are chosen and/or constructed. Measurement of specific actions, events, or states related to sustainability is possible. The history of sustainability reporting and the development of standards for it prove that it is possible. Mediating, the second role, is more problematic. Mediation requires linkages in time and space and to higher levels of abstraction. One can ask whether this refers only to a measurement or comparability problem. Probably not. CO2 emissions from various industries are actually possible to compare. The mediation process is, rather, linked to the translation process of linking overall goals to specific corporate metrics, that is, a reverse procedure compared to Miller's and Power's (2013) understanding of mediation. The spaces where sustainability is territorialized are created differently, seen from the perspective of different companies. That does not undermine the possibility of creating such spaces, but due to their mutual (potential) differences or even incompatibilities, a vagueness of mediation follows. Being "better or worse" when it comes to sustainability, and with regard to the attainment of the SDGs, is difficult to establish.

The vagueness of mediation also affects the possibilities of adjudication. The normativity inherent in the system relates to understandings of better and worse achievements of sustainability. The profitable company and the high-performing individual are possible to identify, but hardly the sustainable company in relation to others.

Furthermore, embedding sustainability across all functions, as the SDG Compass suggests, involves the personalization of the duty to meet sustainability expectations. "In all cases, individual accountability for progress on individual goals and targets will help drive success" (GRI et al. 2015, p. 23). The framework of Miller and Power

(2013) sees subjectivizing as a role of accounting, as something it produces with regard to the individual that faces it. The normative understanding of the SDG Compass (and other parts of the sustainability literature) is that such subjectivizing is key to success. Such a contention (or wishful thinking) presumes that the subjectivizing force of the accounting system actually plays out in relation to sustainability (control). Do the demands of sustainability that are channeled through the accounting system affect me in any way as an employee or manager? Reasonably, this is hardly the case unless specific controls are developed that point to individual performance and a coherent understanding what it means to be a contributor to the company's sustainability goals. Subjectivizing requires, from a theoretical and practical standpoint, that individuals become performative subjects within the organization.

Considering such concerns, it is possible to single out at least two features or even problematic aspects inherent in the very idea of integrating SDGs into the accounting system of firms. First, perhaps lacking better labels, one could describe the predicament of integrating SDGs into the accounting system of business as a case of *role weakness*. Second, another issue is the potentially *arbitrary presentations of sustainability success and failure* given the use of the accounting system.

The argument of "role weakness" refers to the inability of the accounting system to enact the various roles that it usually has – even though the accounting system is actually used. Another way of putting it is to say that the logic of performativity does not operate in the same way or to the same extent as it does in quantitative performance measurement situations. In particular, the vagueness of the issue at hand, the general SDG and its translation into corporate goals, requires territorialization that becomes difficult to mediate, adjudicate, and subjectivize. Both managerial and employee responses tend to be weak or disinterested if the possibility to comparing or keeping track of performance in relation to others does not exist. The self-regulation of the accounting system does not take place since the goals are not used in a way to inform an operative self-understanding within the firm about the need to achieve sustainable ends.

The strong "productive force" of the accounting complex (Miller and Power 2013) tends not to be materialized when it comes to sustainability, since the accounting system does not allow for all the roles in a coherent and productive way. Another way of putting it is that the logic of performativity does not play out in the sense that it could (or should, but that is something that could be contested). Even though it is fair to say that companies (with the support of guidelines, etc.) are able to invent or construct calculable spaces, they are hardly able to recontextualize them through linking them to other arenas or spaces through relational linking or abstraction. Thus, the comparative contextual definition of what constitutes good sustainability never comes about. What it is to perform from a corporate (or individual, cf. subjectivization) perspective is technically possible to arrive at but lacks relevance in a wider context because such performance does not find its way into overarching mediations where it makes sense. In other words, the link between accounting, economizing, and organizing can actually be relatively weak. The accounting system does not play out its roles, which means that it fails to arrive at higher-order constructions and representations that make sense in a more concrete way.

In this, we see a paradox. Miller's and Power's (2013) exhortation to us is that we should view accounting as something that goes far beyond an instrumental and purely technical activity. That is, essentially a word of advice or even a warning against underestimating the power and consequences of accounting. Paradoxically, when assuming a strong role of the accounting system in achieving sustainable ends, such a belief in the capacities of accounting goes hand in hand with a reality where the accounting system actually fails to bring about (or at least has a tough challenge in doing it) the transformative changes of business operations that its advocates seem to suggest. Another way of putting it is that the "accounting complex" (to use the words of Miller and Power 2013) is not as productive as supposed. Its power and productive force to act as a representation for social and economic life is lesser than could be expected to judge from the critical accounting literature.

Relatedly, a second aspect of the integration of SDGs into the accounting system is the way in which it allows for arbitrary presentations of success and failure. Since it is technically fully possible to territorialize sustainability without mediating it, the experience of success (or failure) is strongly related to the achievement of a self-defined target or objective as given with the accounting system. One can relate this to the lacking role of adjudication.

The risk of this is the manifestation of less relevant action (with regard to the SDGs and responsibility in general) as successful achievements. This is not only a matter of reporting "wrong" things in the sense that there is always a risk that unsustainable companies manage to report limited or defined issues where they come out well. Rather, the arbitrary presentations of success and failure can be linked to an "atomistic" translation process of macro into micro goals, where issues that are possible to relate to the SDGs are given the status of satisfying criteria for being sustainable. That is, if the company has the possibility to identify activities of relevance to one or more of the SDGs, and the achievement of such goals follows, an understanding of success (or if the contrary prevails, failure) with regard to sustainability.

The possibility of the territorializing aspects of sustainability leads us into temptation not only to mediate and adjudicate in questionable ways but also to establish social worlds where the decision about right and wrong (related to sustainability) becomes fixed and unrelated to other normative concerns fundamental to responsible business. This is not just a question about which sustainability issues (or SDGs) that are chosen arbitrarily but also a matter of establishing the ways in which the goals (targets, objectives, etc.) are reached. Stafford-Smith et al. (2017) have pointed to the risk of "perverse outcomes" and unrealized synergies if interlinkages and interdependencies between goals are not taken into account. The argument here, though, is not so much the potential piecemeal treatment of the SDGs in relation to each other, but the paradox that "good" objectives can be promoted and strived for with questionable means and dubious intentions not necessarily in line with fundamental principles for ethical business conduct, which the accounting system is unable to "measure." The provocative thought that we can be sustainable without being ethical may be dismissed if you claim that being sustainable always implies being ethical. But considering the fact that companies that have been considered "good at CSR" or sustainable have been subject to scandals contradicts a definitional congruence between sustainability and ethicality. The point to be made here, however, should be made in relation to the accounting system. Ethicality can never be achieved through the accounting system, but must always build on fundamental convictions, values, and norms of the organization and its constituents.

One can certainly reflect on whether the problems brought up here relate typically to the SDGs or to sustainability in general. Most likely, the very same problems apply to sustainability as an issue even without the SDGs. However, the character of the SDGs, as global governance tools, create already from the outset a distance between macro and micro goals that must be overcome.

Concluding Discussion

As suggested by Bebbington and Unerman (2018), concerns about the SDGs are likely to take two routes, either focusing on the commitments inherent in the SDGs or the very execution of them (in business). Without excluding the former discussion, this article focuses on the latter concern. In particular, linking the SDGs to the technologies of control and accountability implies a use of the accounting system that does not escape the roles that the system plays out. The fact that sustainability – rather than finances – is in some way controlled and accounted for does not change the conditioning frames of the accounting system.

What the article provides is a theoretically grounded argumentation about the problems that a fully fledged integration of SDGs into the accounting systems of companies may imply, which is also an answer to the question of how it is possible (or not) to integrate SDGs in corporate operations through the accounting system. It points to two aspects: *first, the problem (or blessing) of "role weakness" and, second, the problem of arbitrary presentations of success and failure, risking to downplay other central responsibility criteria (e.g., ethical accountability) within the firm*. To sum up, technological approaches (in the sense of accounting technologies) capture only a minor aspect of the areas that the SDGs comprise. By necessity, they territorialize certain activities. This is probably not strange at all and hardly problematic in itself. All activities, for example, performance evaluations, go through such a process. More problematic, however, is that the SDGs, when introduced in the accounting system, presume managerial understandings and instrumental processes, where more or less arbitrary criteria of success and failure contribute to exposing the firm as more successful than it is. One aspect that has been pointed to is the lack of controllability the further the roles play out. It becomes increasingly more difficult to relate or attribute responsibility for sustainability performance the further the accounting system is used.

The social reality that accounting has been assumed to construct entails a close relationship between accounting and organizing. The strong belief in the accounting system as instrumental to sustainable ends goes, one could argue, even further. Through accounting, companies actually contribute to the fulfilment of the SDGs, the argument goes. Questioning such a strong interrelatedness is not intended to be a cheap remark, for example, pointing at the relative difficulty to establish processes and practices through which individuals, activities, and organizations will be constituted as economic actors and entities, a process that Miller and Power (2013) call economizing. The corresponding process or practice would, in this case, be "sustainabilitizing," through the constitution of sustainable actors and entities through the (accounting) system. If the accounting system helps producing a "Homo Economicus version 2.0" (Vosselman 2014), it seems far-fetched to believe that it actually produces a corresponding sustainable human actor, whether version 1.0 or 2.0.

A point to make, thus, is not just to contend that "this hardly works" but to reflect on through what and through which rationality sustainability works. The article questions the instrumental managerial rationality channeled through the accounting system as the necessarily "best one" in business. What is not contained within the accounting system but may be a way of promoting sustainable ends? Well, for example, the inner motivations of value rationality and a sincere ethically grounded analysis of what the company should be and do with regard to sustainability.

The article can be seen as an alert against a strong belief in the accounting system to "do the job". Drempetic et al. (2019) ask whether it is necessary to adapt all sustainability measurement systems to the SDGs. Given the issues mentioned in this paper, the answer is most likely no. At least it is not self-evident that it must go through the accounting system. One explanation for it has already been given, that the accounting system is frequently unable to play out all the roles that it usually does when sustainability issues are dealt with through it.

Are the arguments put forward in this article just a rebuttal or criticism of the possibility to report or control sustainability? Yes and no. It is correct that sustainability reporting and control suffer from the same problems if integrated into the accounting system of the firms. Sustainability can be constructed as a calculable space, although the roles of accounting described in this article do not necessarily come into play as the managerial instrumentality of accounting (based on the logic of performativity) presumes. However, on the other hand, the special thing about the SDGs is their character of macro governance mechanisms that are translated into micro-level control issues, through a process of (internal) interpretation and evaluation. Companies do not just adopt the SDGs, but co-construct selected ones among them at the micro-level through the accounting system. Thus, it is not just a matter of adopting an accounting standard (e.g., the GRI Standards) but to reconfigure business through (accounting) techniques assumed to be conducive to the achievement of the SDGs. To put it differently, the questions one could ask are – in the first case – how a company could report to fulfil legal and soft requirements on sustainability reporting and in the second case how it could assist in achieving the SDGs. The questions are not identical, and it is the second one that is relevant to this paper and "unique" to the SDG discussion.

The article contributes in a general way through pointing to and analyzing the assumption of using the accounting system as a tool to achieve the SDGs through corporate action. More specifically, it applies a theoretical understanding from the accounting literature which also provides a theoretical argument relevant to the sustainability literature and in particular the sustainability accounting tradition.

Empirical research would be very helpful not only when it comes to showing how the SDGs are integrated into the accounting systems but also the consequences of such integration. Alternatives to integrating the SDGs into the accounting system should be discussed and identified. For example, are there other alternatives than the top-down approaches suggested by practitioners and researchers? Could, for instance, the normative preferences and ambitions of individual employees be of benefit to the fulfilment of SDGs and if so, how? The relation between corporate governance, the ownership perspective, and the SDGs also remains to be examined.

Acknowledgments This research was supported by Handelsbankens Forskningsstiftelser, grant number P2017-0086:1.

References

Adams CA (2017) The sustainable development goals, integrated thinking and the integrated report. ICAS/IIRC, Edinburgh/Glasgow/London

Adams CA, Frost GR (2008) Integrating sustainability reporting into management practices. Account Forum 32:288–302

Bebbington J, Unerman J (2018) Achieving the United Nations sustainable development goals. Account Audit Account J 31(1):2–24

Bebbington J, Brown J, Frame B (2007) Accounting technologies and sustainability assessment models. Ecol Econ 61(2):224–236

Biermann F, Kanie N, Kim R (2017) Global governance by goal-setting: the novel approach of the UN sustainable development goals. Curr Opin Environ Sustain 26(1):26–31

Boland RJ, Pondy LR (1983) Accounting in organizations: a union of natural and rational perspectives. Acc Organ Soc 8(2–3):223–234

Bowie NE (2019) International business as a possible civilizing force in a cosmopolitan world. J Bus Ethics 155(4):941–950

Brighenti AM (2018) The social life of measures: conceptualizing measure–value environments. Theory Cult Soc 35(1):23–44

Burritt RL, Christ KL, Rammal HG, Schaltegger S (2018) Multinational enterprise strategies for addressing sustainability: the need for consolidation. J Bus Ethics (online first)

Drempetic S, Klein C, Zwergel B (2019) The influence of firm size on the ESG score: corporate sustainability ratings under review. J Bus Ethics (online first)

Englund H, Frostenson M, Beime KS (2019) Performative technology intensity and teacher subjectivities. Scand J Educ Res 63(5):725–743

GRI, UNGC, WBCSD (2015) SDG Compass. The guide for business action on the SDGs. GRI, UNGC, WBCSD. Available via www.sdgcompass.org. Accessed 27 Jan 2020

Hák T, Janoušková S, Moldan B (2016) Sustainable development goals: a need for relevant indicators. Ecol Indic 60:565–573

Lashitew AA, Bals L, van Tulder R (2018) Inclusive business at the base of the pyramid: the role of embeddedness for enabling social innovations. J Bus Ethics (online first)

Maas K, Schaltegger S, Crutzen N (2016) Integrating corporate sustainability assessment, management accounting, control, and reporting. J Clean Prod 136(A):237–248

Mennicken A, Miller P (2012) Accounting, territorialization and power. Foucault Stud 13:4–24
Meyer JW (1986) Social environments and organizational accounting. Acc Organ Soc 11(4–5):345–356
Miller P, Power M (2013) Accounting, organizing, and economizing: connecting accounting research and organization theory. Acad Manag Ann 7(1):557–605
Mouritsen J, Kreiner K (2016) Accounting, decisions and promises. Acc Organ Soc 49:21–31
Muff K, Kapalka A, Dyllick T (2018) The gap frame – translating the SDGs into relevant national grand challenges for strategic business opportunities. Int J Manag Educ 15(2B):363–383
Power M (2015) How accounting begins: object formation and the accretion of infrastructure. Acc Organ Soc 47:43–55
Pradhan P, Costa L, Rybski D, Lucht W, Kropp JP (2017) A systematic study of sustainable development goal (SDG) interactions. Earth's Future 5(11):1169–1179
PWC (2018) From promise to reality: does business really care about the SDGs? And what needs to happen to turn words into action. PWC UK, London
Stafford-Smith M, Griggs D, Gaffney O, Ullah F, Reyers B, Kanie N, Stigson B, Shrivastava P, Leach M, O'Connell D (2017) Integration: the key to implementing the sustainable development goals. Sustain Sci 12(6):911–919
Voegtlin C, Scherer AG (2017) Responsible innovation and the innovation of responsibility: governing sustainable development in a globalized world. J Bus Ethics 143(2):227–243
Vosselman E (2014) The 'performativity thesis' and its critics: towards a relational ontology of management accounting. Account Bus Res 44(2):181–203