

Multicapitalism and the Future of Management Accounting

A Presentation by

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1. What is the purpose of accounting?

- Management Accounting
 - To report performance internally (to management) in support of planning, decision making, and day-to-day control (a dashboard)
- Begs the question of what constitutes *performance*
 - What is the *theory of performance* in play within the ranks of management at any given time?
- Three common possibilities:
 - Profit maximization (shareholder primacy)
 - Social, environmental or other impacts (mission-driven)
 - Sustainability (stakeholder primacy and multicapitalism)

2. Will financial accounting, management accounting and sustainability accounting align?

- Yes, they already are beginning to ...
- Around a *common theory of performance* according to which performance is understood as being a function of:
 - What an organization's impacts on vital capitals are relative to ...
 - Duties and obligations it has to manage such impacts in ways that can affect stakeholder well-being and that are sustainable
- The unfolding alignment is arguably around the theory of performance long extant in financial accounting:
 - Performance assessments in general are capital-based!
 - The result is “multicapitalism” and the demise of “monocapitalism”
- Multiple capital accounting now emerging on multiple fronts

3. How does accounting make a social difference?

- Well, it doesn't if it takes *only* the narrow pecuniary interests of one group of stakeholders into account (shareholders) at the expenses of others (externalized costs, etc.)
- A better question might be: How can accounting make a social difference?
 - By making it possible to assess the performance of organizations (and commerce writ large) in terms of their impacts on the well-being of all their stakeholders, and not just one privileged group of them
 - By also feeding into a performance accounting system at the macro level, which unlike GDP, expresses the performance of whole economies in terms of multiple capital impacts and capital sufficiency (e.g., Aggregate Capital Sufficiency, or ACS)

4. What skills will future accountants need? Are they getting the right education?

- Assuming multicapitalism and multiple capital accounting:
 - A solid grasp of capital theory and the “six” capitals will be needed
 - Working knowledge of leading theories of human well-being
 - Systems thinking
 - Value theory (e.g., Kant’s Categorical Imperative as a basis for assigning *fair, just and proportionate* duties and obligations to individual organizations)
 - Stakeholder theory (as a basis for determining to whom such duties and obligations are owed)
- Right education?
 - Absolutely not
 - Most topics listed above are completely missing from current curricula

Thank you!

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