Through the looking glass
The emergence, evolution and embedding of sustainability accounting in a family business
Maughan, R.

Publication date
2017

Document Version
Other version

License
Other

Citation for published version (APA):

General rights
It is not permitted to download or to forward/distribute the text or part of it without the consent of the author(s) and/or copyright holder(s), other than for strictly personal, individual use, unless the work is under an open content license (like Creative Commons).

Disclaimer/Complaints regulations
If you believe that digital publication of certain material infringes any of your rights or (privacy) interests, please let the Library know, stating your reasons. In case of a legitimate complaint, the Library will make the material inaccessible and/or remove it from the website. Please Ask the Library: https://uba.uva.nl/en/contact, or a letter to: Library of the University of Amsterdam, Secretariat, Singel 425, 1012 WP Amsterdam, The Netherlands. You will be contacted as soon as possible.
This study extends and deepens our understanding of why and how organisational sustainability activities and accounting unfold and embed over time. It presents a longitudinal case study examining the emergence and evolution of an environmental management system, environmental management accounting, sustainability reporting, and a sustainability programme in a large, family-owned group of companies. The case analysis is theoretically framed using the concepts of organisational identity and internal legitimisation.

The study reveals an enduring interplay between the organisation’s sustainability programme and its organisational identity and internal legitimisation processes. It demonstrates how key participants in the sustainability programme used a variety of strategies to seek legitimacy for the programme from internal audiences and powerful stakeholders while also engaging in their own legitimacy (re)evaluations. While prior research has identified a set of strategies for establishing external legitimacy, this study finds that legitimating ‘identity talk’ is an important additional mechanism in the process of establishing internal legitimacy for new organisational activities.

In contrast with prior research, the study uncovers how external sustainability reporting can be a by-product of other sustainability-related activities rather than an organisation’s primary medium (or output) of the process of engaging with sustainability. The study shows how despite a highly supportive organisational environment, external sustainability reporting may be weakly and temporally legitimated within an organisation rather than institutionalised.
Through the Looking Glass:
The emergence, evolution and embedding of sustainability accounting in a family business

ACADEMISCH PROEFSCHRIFT

ter verkrijging van de graad van doctor aan de Universiteit van Amsterdam

op gezag van de Rector Magnificus prof. dr. ir. K.I.J. Maex

ten overstaan van een door het college voor promoties ingestelde commissie,
in het openbaar te verdedigen in de Agnietenkapel

op dinsdag 12 september 2017, te 10.00 uur

door

Rebecca Maughan

geboren te Galway, Ierland
Promotiecommissie

Promotor: Prof. dr. B.G.D. O’Dwyer, Universiteit van Amsterdam

Copromoter: Dr. ir. S. van Triest, Universiteit van Amsterdam

Overige leden: Prof. dr. J. Bebbington, University of St. Andrews, UK

Prof. dr. C. Larrinaga, Universidad de Burgos, Spain

Prof. dr. I. Thomson, University of Birmingham, UK

Prof. dr. J. Unerman, University of London, UK

Prof. dr. F.H.M. Verbeeten, Universiteit Utrecht

Prof. dr. M.J.F. Wouters, Universiteit van Amsterdam

Faculteit der Economie en Bedrijfskunde
Acknowledgements

It is a great privilege to have the opportunity to pursue a PhD. I am very grateful to my supervisor, family, colleagues and friends, who, in different ways, have all helped to create this opportunity for me.

At the start of my doctoral studies I was fortunate to cross paths with an outstanding academic, Prof. Brendan O’Dwyer, whose tremendous value as a supervisor is matched by his integrity and kindness as a person. Thank you for your unique blend of patience, encouragement and support combined with objective, honest and expert guidance. Working with you has been an enriching and enlightening experience. I am deeply indebted to you for the time and energy you devoted to this process.

This study would not have been possible without the co-operation of the interviewees and their organisations, in particular the CC Group. I would like to warmly thank you for your participation, for liberally giving of your time and expertise and for welcoming me into your organisations.

My current and former colleagues in UCD and DIT have been generous and constant with their words of encouragement and advice. A special note of thanks goes to Prof. Joseph Coughlan, who embodies the best qualities of a mentor. Many thanks to Prof. Niamh Brennan, Dr. Mary Canning, Prof. Aileen Pierce, Dr. Gerardine Doyle, Dr. Kate Cullen, Dr. Collette Kirwan, Dr. John McCallig and Dr. Esther Tippmann for tea, empathy and helpful suggestions, and to Catherine Allen and Christine Walsh for their moral and practical support. Warmest thanks also to Prof. Eamonn Walsh for his support as head of subject area.

I would like to acknowledge the support of the broader Irish and international academic accounting community. In particular, I would like to thank the members of the Centre for Social and Environmental Accounting and the Irish Accounting and Finance Association (IAFA) for their support and constructive comments. Funding from both the IAFA doctoral scholarship scheme and the Irish Research Council is also gratefully acknowledged.
Thank you to my family and friends for their love, loyalty, support and patience. It is impossible to express just how grateful I am to my Mum and Dad, Paul and Mary, and my sisters Debbie, Jenny and Katie, for a lifetime of love, encouragement and support. Thank you for being all that I could ask for from a family. I am fortunate to also have the love and support of my family-in-law, thank you all for your kindness and encouragement. Particular thanks to my mother-in-law, Judith Maughan, for giving me a quiet space to retreat to and for the loan of her faithful companions, Teddy and Apple, to keep me company during the write-up of this thesis.

Finally and most importantly, thank you to my inspirational husband, Alan, and our children Matthew and Naomi. Alan, thank you for your unwavering love and support and, amongst many other things, for having faith in me, when at times I had none in myself. On a practical note, thank you for being an excellent proof-reader and graphic genius. Matthew and Naomi, thank you for making my world meaningful and filling it with love, joy, happiness and fun. Mum is finally finished writing her book!
Dedication

For Alan, Matthew and Naomi, with love.
# Table of Contents

Abstract ................................................................................................................................. xii

List of Acronyms ...................................................................................................................... xiii

List of Tables............................................................................................................................ xiv

List of Figures ............................................................................................................................ xv

Chapter 1: Introduction ............................................................................................................. 1

1.1 Research Intent and Questions ......................................................................................... 3

1.2 Theoretical Framework ..................................................................................................... 4

1.3 Research Methods ............................................................................................................. 5

1.4 Research Contributions ..................................................................................................... 6

1.5 Thesis Structure ............................................................................................................... 7

Chapter 2: Literature Review .................................................................................................. 10

2.1 Introduction ....................................................................................................................... 10

2.2 Conceptualising Sustainability......................................................................................... 10

2.2.1 Organisational Sustainability .................................................................................... 10

2.2.2 Accounting for Sustainability ..................................................................................... 12

2.3 The Emergence, Evolution and Embedding of Sustainability Accounting ................. 13

2.3.1 The Emergence of External Sustainability Reporting .............................................. 13

2.3.2 Diversity in Corporate Sustainability Reporting ..................................................... 15

2.3.3 Engagement-based Studies of Sustainability Accounting ....................................... 17

2.4 Chapter Summary ............................................................................................................ 21

Chapter 3: Theoretical Framework ....................................................................................... 22

3.1 Introduction ....................................................................................................................... 22

3.2 Organisational Identity .................................................................................................... 22

3.2.1 Conceptualising Organisational Identity .................................................................. 23

3.2.2 Identity as Process and Claims .................................................................................. 28

3.2.3 Mobilisation of Organisational Identity for this Study ............................................ 29
Chapter 6: Organisational Identity at the CC Group

6.1 Introduction .............................................................. 81
6.2 Identity Work ............................................................ 81
6.3 Identity Claims at the CC Groups ...................................... 82
   6.3.1 Family Claims ...................................................... 83
   6.3.2 Value-Based Claims ............................................. 86
   6.3.3 Business Model Claims ......................................... 88
   6.3.4 Long-Term Perspective ......................................... 90
6.4 Enacted Identity .......................................................... 91
   6.4.1 Interactions with Retailers ....................................... 92
   6.4.2 Interactions with Suppliers ...................................... 93
   6.4.3 Interactions with the CC Family ................................. 94
6.5 Chapter Summary ....................................................... 95

Chapter 7: The Emergence, Evolution and (Partial) Embedding of Environmental Management and Accounting .............................................................. 96

7.1 Introduction ................................................................ 96
7.2 An External Prompt ..................................................... 96
7.3 Evaluating Environmental Management ................................ 98
7.4 Lack of Internal Support .............................................. 99
7.5 Emergence of New Policies and Structures ................................................................. 101
7.6 Internal Legitimation 2003 to 2007: Establishing Pragmatic and Moral Legitimacy .. 103
  7.6.1 Establishing Pragmatic Benefits ............................................................................. 103
  7.6.2 Aligning the Environmental Management System with Socially Valued Concerns ..................................................................................................................... 106
  7.6.3 Formalised Policies and Accounting and Alignment with Existing Structures..... 107
  7.6.4 Co-Opting Family Support ..................................................................................... 111
7.7 Temporally Embedded Environmental Management System .................................. 113
7.8 Chapter Summary ........................................................................................................ 117

Chapter 8: The Emergence, Evolution and (Partial) Embedding of the Sustainability Programme ................................................................................................................. 118
  8.1 Introduction .................................................................................................................. 118
  8.2 Alignment of the Social and Environmental Activities ............................................. 119
  8.3 Emergence of a Concept of Sustainability ................................................................ 119
  8.4 Evolving Structures and Policies ............................................................................... 120
  8.5 Legitimating the Sustainability Programme with Senior Management ............... 123
  8.6 Legitimating Beliefs .................................................................................................... 125
  8.7 Partially Embedding the Sustainability programme ................................................ 127
    8.7.1 Limitations to Embedding ..................................................................................... 131
    8.7.2 Impact of the Recession ....................................................................................... 131
  8.8 Chapter Summary ........................................................................................................ 133

Chapter 9: The Emergence, Evolution and Non-Embedding of Sustainability Reporting .... 134
  9.1 Introduction ................................................................................................................ 134
  9.2 Overview of Reporting 2001 to 2012 .................................................................... 135
    9.2.1 2001 ................................................................................................................... 135
    9.2.2 2002 ................................................................................................................... 136
    9.2.3 2003 ................................................................................................................... 136
9.2.4 2006 ......................................................................................................................... 137
9.2.5 2008 ......................................................................................................................... 137
9.2.6 2010 ......................................................................................................................... 137
9.2.7 2012 ......................................................................................................................... 138
9.3 The Emergence of External Reporting ................................................................. 138
  9.3.1 Reporting as a Natural Progression ................................................................. 139
  9.3.2 Reporting Based on Performance .................................................................. 140
9.4 Internal Legitimating External Reporting 2002 to 2006 ...................................... 142
  9.4.1 Seeking Procedural Legitimacy for Reporting .............................................. 143
  9.4.2 Seeking Consequential Legitimacy for the Reports .................................... 144
  9.4.3 Seeking Pragmatic Legitimacy for the Reports ............................................. 145
  9.4.4 Legitimacy Evaluations .................................................................................. 146
  9.4.5 The Environment Executive’s Legitimacy Evaluations ................................. 148
9.5 Losing Internal Support 2008 to 2012 ................................................................. 151
9.6 Chapter Summary ................................................................................................. 153
Chapter 10: Summary and Discussion .................................................................... 154
  10.1 Introduction ........................................................................................................... 154
10.2 Case Discussion ..................................................................................................... 154
  10.2.1 Identity Claims, Enacted Identity and Identity Work .................................. 156
  10.2.2 External Trigger and Preliminary Legitimation .......................................... 157
  10.2.3 New Organisational Activities .................................................................... 158
  10.2.4 Main Legitimation ......................................................................................... 158
  10.2.5 Building Legitimacy with Managers and Retailers ..................................... 159
  10.2.6 Building Legitimacy with Employees ......................................................... 159
  10.2.7 Building Legitimacy with the Family Directors ......................................... 160
  10.2.8 Embedding the Sustainability Programme .............................................. 162
<table>
<thead>
<tr>
<th>Section</th>
<th>Page</th>
</tr>
</thead>
<tbody>
<tr>
<td>10.3 External Reporting</td>
<td>163</td>
</tr>
<tr>
<td>10.3.1 Seeking Legitimacy for the External Reports</td>
<td>165</td>
</tr>
<tr>
<td>10.3.2 Re-Evaluating the Legitimacy of the External Reports</td>
<td>165</td>
</tr>
<tr>
<td>10.4 Policy Implications</td>
<td>167</td>
</tr>
<tr>
<td>10.5 Theoretical Implications of the Study</td>
<td>169</td>
</tr>
<tr>
<td>10.6 Chapter Summary</td>
<td>172</td>
</tr>
<tr>
<td>Chapter 11: Conclusions</td>
<td>173</td>
</tr>
<tr>
<td>11.1 Introduction</td>
<td>173</td>
</tr>
<tr>
<td>11.2 Overview of the Study</td>
<td>173</td>
</tr>
<tr>
<td>11.3 Research Findings</td>
<td>173</td>
</tr>
<tr>
<td>11.4 Research Contributions</td>
<td>175</td>
</tr>
<tr>
<td>11.4.1 Limitations and Future Research</td>
<td>176</td>
</tr>
<tr>
<td>References</td>
<td>178</td>
</tr>
<tr>
<td>Appendix A: Document Index</td>
<td>193</td>
</tr>
<tr>
<td>Appendix B: Interview Index</td>
<td>195</td>
</tr>
<tr>
<td>Appendix C: Master Interview Guide (Round One)</td>
<td>199</td>
</tr>
<tr>
<td>Appendix D: Master Interview Guide for Group Members (Round Two)</td>
<td>202</td>
</tr>
<tr>
<td>Appendix E: Master Interview Guide for Retailers (Round Two)</td>
<td>205</td>
</tr>
<tr>
<td>Appendix G: Illustrative Quotes of Organisational Identity Claims</td>
<td>208</td>
</tr>
<tr>
<td>Appendix H: Overview of Social and Environmental Activities and Projects Implemented between 1998 and 2006</td>
<td>215</td>
</tr>
<tr>
<td>Appendix I: Overview of Sustainability Activities and Projects Implemented between 2007 and 2013</td>
<td>219</td>
</tr>
<tr>
<td>Samenvattend Hoofdstuk (Dutch Summary Chapter)</td>
<td>221</td>
</tr>
<tr>
<td>Inleiding</td>
<td>221</td>
</tr>
<tr>
<td>Onderzoekspzot en -vragen</td>
<td>222</td>
</tr>
</tbody>
</table>
Theoretisch kader .............................................................................................................. 222
Onderzoeksmethoden ...................................................................................................... 224
Onderzoeksbijdragen ...................................................................................................... 225
About the Author ........................................................................................................... 227
Abstract

This study extends and deepens our understanding of why and how organisational sustainability activities and accounting unfold and embed over time. It presents a longitudinal case study examining the emergence and evolution of an environmental management system, environmental management accounting, sustainability reporting, and a sustainability programme in a large, family-owned group of companies. The case analysis is theoretically framed using the concepts of organisational identity and internal legitimation.

The study reveals an enduring interplay between the organisation’s sustainability programme and its organisational identity and internal legitimation processes. It demonstrates how key participants in the sustainability programme used a variety of strategies to seek legitimacy for the programme from internal audiences and powerful stakeholders while also engaging in their own legitimacy (re)evaluations. While prior research has identified a set of strategies for establishing external legitimacy, this study finds that legitimating ‘identity talk’ is an important additional mechanism in the process of establishing internal legitimacy for new organisational activities. In contrast with prior research, the study uncovers how external sustainability reporting can be a by-product of other sustainability-related activities rather than an organisation’s primary medium (or output) of the process of engaging with sustainability. The study shows how despite a highly supportive organisational environment, external sustainability reporting may be weakly and temporally legitimated within an organisation rather than institutionalised.
# List of Acronyms

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCRPI</td>
<td>CC Retail Partners Ireland</td>
</tr>
<tr>
<td>CCWS</td>
<td>CC Wholesale Services</td>
</tr>
<tr>
<td>CSR</td>
<td>Corporate Social Responsibility</td>
</tr>
<tr>
<td>DJSI</td>
<td>Dow Jones Sustainability Index</td>
</tr>
<tr>
<td>EAT</td>
<td>Environmental Action Team</td>
</tr>
<tr>
<td>EMS</td>
<td>Environmental Management System</td>
</tr>
<tr>
<td>GRI</td>
<td>Global Reporting Initiative</td>
</tr>
<tr>
<td>FMCG</td>
<td>Fast Moving Consumer Goods</td>
</tr>
<tr>
<td>KPIs</td>
<td>Key Performance Indicators</td>
</tr>
<tr>
<td>NGO</td>
<td>Non-Governmental Organisation</td>
</tr>
<tr>
<td>NI</td>
<td>Northern Ireland</td>
</tr>
<tr>
<td>OI</td>
<td>Organisational Identity</td>
</tr>
<tr>
<td>ROI</td>
<td>Republic of Ireland</td>
</tr>
<tr>
<td>UNWCED</td>
<td>United Nations World Commission on Environment and Development</td>
</tr>
</tbody>
</table>
List of Tables

Table 3.1 Summary of Suchman's Typology of Legitimacy .................................................. 34
Table 4.1 Contrasting Common Research Approaches in the Social Sciences .................... 43
Table 4.2 Data Structure ....................................................................................................... 62
Table 7.1 Comparison of Environmental and Social Data Reported in 2001 and 2006 .......... 109
Table 10.1 Summary of Case Analysis ................................................................................ 168
List of Figures

Figure 4.1 Overview of the Research Process and Outputs .............................................51
Figure 4.2 Embedding a New (Sustainability) Process ....................................................60
Figure 4.3 Chronology of the Emergence, Evolution and (Partial) Embedding of the Sustainability Programme ...............................................................................................................61
Figure 5.1 Visual Overview of the CC Group’s External Sustainability Reports, 2001–2012. ..........................................................................................................................................................75
Figure 5.2 CC Group Environmental Performance Graphs, 2006 – 2011 .......................76
Figure 5.3 Timeline of Sustainability Developments and Projects 1998 to 2013 ...........77
Figure 7.1 Chronology of the Emergence, Evolution and Embedding of the Environmental Management System (EMS), 1998–2007 ...........................................................................................................96
Figure 7.2 Overview of Environmental Activities from 1998 to 2006 .........................115
Figure 8.1 Chronology of the Emergence, Evolution and Embedding of the Sustainability programme 2003–2012 .................................................................................................................118
Figure 8.2 Overview of Environmental Activities from 2007 to 2013 .........................130
Figure 9.1 Chronology of the Emergence, Evolution and Non-Embedding of External Sustainability Reporting, 1998–2012 .............................................................................................................134
Figure 9.2 Chart of Report Volume, Tables and Graphs, 2001 to 2012 .......................135
Figure 10.1 Embedding a New (Sustainability) Process ................................................155