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The emergence, evolution and embedding of sustainability accounting in a family business

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Chapter 6: Organisational Identity at the CC Group

People do not simply tell stories—they enact them.

(Pentland, 1999, p. 711)

6.1 Introduction

This chapter provides an in-depth analysis of the interviewees' discussions of the CC Group's OI (organisational identity). The interviews for the study took the form of guided conversations (Patton, 2002) around the sustainability programme. Throughout these conversations, the interviewees shared their perceptions of the CC Group's OI. These narratives about the Group's OI formed an intrinsic part of the interviewees' explanations of why and how the company had engaged in sustainability activities and accounting.

For the purpose of this study OI is conceived as encompassing a set of identity claims, an enacted identity and ongoing identity work to establish or maintain these claims. Identity claims are statements about an organisation's core, enduring and distinctive characteristics. Enacted OI consists of the claims employed by an organisation in social interaction and can vary over time and with the audience and organisation member involved. Identity work is concerned with the ongoing maintenance, reconstruction or regulation of OI in mature organisations (Gioia et al., 2010; Pratt, 2012). The first section of the chapter considers the participants' identity work, the second section concentrates on the interviewees' explicit OI claims and the identity work that contributes to the maintenance of this set of OI claims and the third section considers the Group's enacted identity.

6.2 Identity Work

Identity work can involve identity regulation attempts and explicit and implicit identity talk (Mueller and Whittle, 2012; Pratt, 2012). Explicit identity talk involves direct descriptions of an individual or organisation and implicit identity talk involves descriptions of what happened (memories of events) and why (attributions of cause) (Mueller and Whittle, 2012 p.169). In the case of the CC Group both the interviewed group members and the family director engaged in explicit ("We are a family business") and implicit identity talk ("We made a decision to go with our longer established company ... because we felt we had a relationship with them") during their interviews. Their explicit identity talk was particularly

extensive and was primarily aimed at maintaining the Group's reservoir of identity claims. In addition, the family director and senior group members indicated that the family directors engaged in other forms of identity maintenance work (such as *restricting* group member and family member interaction) that was also aimed at maintaining and protecting the Group's reservoir of OI claims.

The participants also engaged in implicit identity talk when discussing both the Group's OI claims and its enacted identity. This implicit identity talk included not only descriptions of past events and attributions of cause to these events, but also descriptions of how on an ongoing basis OI claims were employed to varying degrees by group members in their interactions with retailers, suppliers, and the CC family. In this way, implicit identity talk was employed to affirm the durability and salience of the Group's set of OI claims, in particular its values, over time and in the face of changing economic circumstances. Sections 6.3 and 6.4 provide further discussion of the participants' OI work in relation to the Group's identity claims and enacted identity respectively.

6.3 Identity Claims at the CC Groups

Overall, the interviewees represented a disparate range of internal and external stakeholders (retailers and a family director), yet they provided a coherent and consistent set of OI claims. The interviewees expressed their perceptions of the company's identity through discussion of, and stories about, its history, values, business activities, patterns of behaviour, founders, leaders and current owners (Martin et al., 1983; Gioia et al., 2000, 2010, 2013). In depth discussions of the company's OI characteristics were most common in interviews with senior executives and directors but were present in all of the interviews to some extent. In response to direct questioning about the CC Group's character, the interviewees described the CC Group as a value-driven, community-based, commercially astute, pioneering family company⁸ with a long-term perspective. They maintained that these characteristics had endured over time and context and employed them to position the group as different from other companies in its industry, "CC is a different place, it really is different" (I1, R2). The interviewees' accounts of these explicit identity claims and the identity work surrounding

⁸ The CC Group is made up of several companies; however, the interviewees referred to it as the company, CC, or CC Group.

these claims are discussed below. Appendix G provides an extended selection of quotes that illustrate the interviewees' collective perceptions of the Group's OI claims.

6.3.1 Family Claims

CC is a family operated business in its heart (I4.2, R2).

The interviewees perceived the company as having a close, enduring and stable relationship with its founding family. The perception of the CC Group as a “family” business was very prevalent, but not universal, in the interviews. A small minority of the external interviewees rejected the idea that the CC Group was a family company in the traditional sense, suggesting that the company was now too big and corporate to really be a family business any more. “But it’s corporate, it’s not your local family business by any means, you know” (I18, R2). However, when asked directly to describe the Group, the majority of the interviewees maintained that despite its size it was a family business:

It’s like working in a big company but working for a small family if that makes sense. So it’s a big, big company but it still does have a very much long-term do the right thing, look after our values as a company which all stems back from the family and the direction that they’ve set. (I11, R2)

Intertwined with the characterisation of the CC Group as a family business were claims about the CC family as being, both in the past and the present, a certain “type” of people. The interviewees had strongly held beliefs that the CC family had “their own personal set of family values” and were very “humble” and “reserved” people who would not bring the family or company name into disrepute:

They’re a very particular kind of people. They’re extremely humble, respectful and kind of good people. I often say to people “You’ll never read in Hello magazine or its equivalents about any of the CC family. You’ll never hear about them shoving cocaine up their noses at a party.” They’re just not that kind of people. They’re very dignified; they’re very respectful, they’re very proud of their heritage. (I1.2, R2)

These characterisations of the CC Group and the CC family persisted, even though (or perhaps because) family members have not been involved in the day-to-day running of the business for several decades. The number of family members allowed to work in the business

had been restricted as far back as the 1930s when the company had faced financial difficulties.

.... we restricted the number of family employees and got rid of a lot of family members. It caused huge bust ups and people didn't speak to other people for the rest of their lives, that's what happened. This was back in the 1930s. (I7, R2)

Since then, family members, with the exception of the family directors, have very limited contact with management and staff of the CC Group:

.... there was probably quite a small group of the family directors, the family MDs. Everybody else [in the family] was probably, to be honest, kept at a bit of an arm's length. (I7, R2)

Even the family directors had limited interaction with group members beyond the Group's most senior management. The Group's executive directors had regular contact with the family directors as part of the Group's governance processes, but the broader management group had limited contact with the family directors, and most of the interviewees had little to no contact with the family directors. A number of the non-managerial and franchisee interviewees did not know who the family directors were or confused the executive directors with family members.

I don't have any personal contact with them they would attend all of our management conferences, and at all of our brand engagements they'd be present at and they're very... They're nice people, there's no... to be honest with you, I don't have much dealing with them, but I've met them on occasion. (I13, R2)

In the family director's view, the restriction of family employees within the CC Group allowed the professional managers to flourish within the boundaries set by the family. Limiting contact between the family and group members also reduced the opportunities that members of the broader family group had to influence, and possibly damage, the perceptions that the group members had of the family:

... we have the family values which we codify there and hopefully have the family members live those values in their interactions with the company or

their interactions with themselves vis-à-vis the company. I mean what they do behind closed doors is their own beef. (I7, R2)

The maintenance of these perceptions could then be undertaken, primarily, by the family directors. The family directors' limited informal contact with the management and staff of the CC Group involved chats at management conferences, induction events or at head office after board meetings. These informal chats include "conversations about values" (I12, R2) and "some wandering back into history," (I1.2, R2). Arguably, a shared family and company history is carefully maintained by the family directors:

And they're very precious about their heritage. There's very few conversations that you can have at an official level with ... our chairman [family member] that doesn't involve some wandering back into history. They're so proud of their history and they're so proud of how the family has built up the company. How the family have always enhanced the company and how the company has got through so many crises and through wars, recessions, depressions, all of these kinds of things. (I1.2, R2)

In addition, the family directors create and maintain artefacts that relate to this shared history: for example, commissioning a book and DVD on the company history to mark the 125th anniversary of the founding of the Group and establishing the company archive. The archive was a family- rather than group member-led project that sought not just to preserve historical documents but also to create the "archive of the future" (I22, R2):

I was very much brought in by the family, who wanted me to update the archive of older, historical papers ... old family papers, and the very old business papers. And once we had done that, then I suppose it was a question of whether they ... whether the company wanted to bring the archive project forward, so that instead of just looking at the historical papers we would try and capture documentation as it was produced by the company, presently, to become the archive of the future. And they decided that they wanted to go down that route. (I22, R2)

Maintaining the family and family business claims provides the group members and family directors with the foundational material for their claims about the Group's values and

business model. The Group's core and enduring characteristics in these areas are seen as an intrinsic part of how the family had always operated the business:

For them [the founders and earlier generations of family managers] it was a very natural way of managing that you were tough but fair and I think that was very evident in my great grandfather from the early part of the last century right up to 1954 ... and I think that way of working and the long-term approach I suppose the honesty and the straight dealing and also I think the willingness to invest in the business led to the development of the foundations of the company. (I7, R2)

The interviewees' claims about the Group's values and business model are discussed in Sections 6.3.2 and 6.3.3, respectively.

6.3.2 Value-Based Claims

I'd describe the CC Group as a family-owned and run business, big business, that puts the family values in its way of working every day, and it doesn't compromise on those values or guiding principles, and that rings down true to how it does its business, and I think that's what makes it a successful business. (I12, R2)

Claims that the CC Group was a value-driven company were present in every interview with both internal and external interviewees. The claims emerged from both direct questions on the interviewees' perceptions of the company and throughout the interviews as a whole as the interviewees sought to explain how the company operated and why it operated as it did. There was a widespread perception that the Group had, and generally lived by, a core set of (now formalised) values: long-term stable relationships; not being greedy; honesty; working hard and achievement.

Our values would centre around things like openness, honesty, not being greedy and working hard and I think all of those kinds of values fit in and we've to live those values and they're well-articulated on a pretty regular basis. So, they're pretty serious as far as we're concerned. And by and large, I think, you know, people live by them within the organisation. (I3, R1)

CC live very much about our values and people will, you're recording now but I'll say it anyway, bullshit about values sometimes. And we do a bit as well, but in general terms we do have a pretty strong set of values. And it has been, it's been there since before I came, and I'm here 30 years now. (I6, R1)

The values were seen as a central, distinctive and enduring characteristic of the Group: “their values come through in absolutely everything that they do” (I18, R2). The interviewees perceived the continual communication and enactment of the Group’s values as distinguishing it from other companies:

So, values here – is not like values in a lot of other companies. A lot of other companies talk about values but it is – other than being stuck up on the wall, or appearing in company publicity material, that is it. Here values, values, values, it is constantly drilled into people. (I1.2, R2)

The company and family history provided the interviewees with shared material for their claims that these values were an enduring characteristic of their company. Stories from the early history of the company, of family heroes and family history were not just preserved within the formal accounts of the history of the business but also common knowledge among the interviewees. In particular, the executive directors, family director and the senior management related similar stories about how earlier generations of family owners had lived and managed the business based on their values:

When you read the history about the ... you know, the first couple of generations you can see how they lived very modest lifestyles, the business survived through very difficult trading periods, through the World Wars, things like this. And there was never any affluence of any kind shown by any member of the family anywhere. And that probably setting the culture, although it was never described, I'm sure, in that way, but I think the culture that's there now that has evolved over years, I think, you know, when we describe it now and commit it to paper, things like working hard, yeah, these people work very hard, not being greedy. I think you know through the Second World War, CC Group, because it had seen what was coming, it had tried to store up stocks of product that was going to be

commodities that were going to become very scarce and was in a position, it had stocks when others didn't, but never took advantage of that in terms of exorbitant high pricing, exorbitant high prices, so things like not being greedy came through as well.

You can go back through their history and you'll see that they made choices sometimes difficult choices, but always for the right reasons. You know there's a story about them after the war in Cork where there was tea rationing and tea was a very valuable commodity and CC Group had quite a bit of tea and could have sold it literally to the highest bidder and you know really could have profiteered on it. But what they did was they distributed the tea pro-rata based on what people's previous requirements were.

Alongside these value-based claims, the interviewees characterised the CC Group as having a community-based or local business model and being a commercially astute, pioneering business.

6.3.3 Business Model Claims

It is very much business driven, but then there is this innate part of CC that wants to be part of the community, part of the environment they service and not just be another box provider. (I4.2, R2)

Accounts of local and community involvement and support were prevalent throughout the interviews. As one of the senior management interviewees claimed “our business is basically rooted in the community ... and it is our point of difference” (I6, R2). The franchise model, based on the stores being owned by the retailers, is seen by the interviewees as ensuring that the stores are engaged with the local community with each franchisee a “local” entrepreneur. The CC Group provides centralised services and bulk purchasing efficiencies that the interviewees perceived as helping these small businesses to compete with the large multiples and also supporting “Irish growers [and] producers” (I1.2, R2). This community-based model was presented as markedly different from the multiple model operated by the Group's main competitors:

When, when you look at, there's six hundred shops, there isn't a community in Ireland that isn't touched by CC, and they're in the smallest towns that X [main competitor] wouldn't touch with a barge pole and they're still, they are, they're doing good business and sustainable business. (I2, R1)

The CC Group operates in a very competitive, fast-moving, consumer goods industry. The interviewees also characterised the CC Group as having long-standing, commercially necessary characteristics that were central to its survival and success and that distinguished it as “the best at what they do” (I13, R2). The interviewees believed that the CC Group is an innovative, passionate, prudent (in its use of resources), ambitious and “very, very progressive” (I17, R2) business. As with the interviewees’ value-based claims, these claims were supported by drawing on shared histories about the company pioneering new business models and systems in its industry. The interviewees also accepted, when probed further about the Group’s commercial characteristics, that it was a tough and demanding company both to work for and do business with:

I do think it's a tough company, yes. It's a tough company because it needs to be ... it's in a tough industry and it wants to be successful, so there needs to be ... a commercial toughness to how it does its business to make sure it is successful (I15, R2)

As well as framing this commercial toughness as being necessary to compete in its industry, the interviewees also sought to frame their value-based and commercially based claims as either counterbalancing or complementary rather than inconsistent or conflicting, particularly over the long-term. Potentially negative but commercially necessary characteristics, such as toughness, were accompanied by a counterbalancing characteristic “tough but fair” (I7, R2). Employees described the Group as demanding but “great at recognising hard work” (I9, R2) and “a really good company to work for” (I15, R2). They described themselves as “always challenged” (I21, R2) and “working hard” (I21, R2) but that “it works both ways” (I13, R2) as the Group was committed to “developing people, promoting people and having people work their way up through the ranks” (I12, R2) and being loyal to its employees. “I’d have great loyalty to them. They’ve been very loyal to me” (I13, R2). Retailers also described the company as demanding: “It’s always about challenge and challenging yourself to do better” (I19, R2) and having “huge control” over its retailers but also as “sincere”, “supportive” and

“not greedy” (I19, R2). In addition, the company’s values were framed as an important part of the company’s continued economic success through claims that having a set of core values helped to attract and retain talented staff and maintain good relationships with retailers and suppliers:

Our business is wholly dependent on what other people do and the successful relationships that are built up between retailers and partnerships that you have within the relationship. In order to have long-term stable relationships with retailers, you need to have core values, not only for relationships you have with your retailers and your retail partners, but also for the people that work with you ... without a core set of values in which you operate and strive to adhere to it’s hard to develop long-term relationships, and our business has been developed and thrived on those long-term relationships. Without long-term relationships we probably would not have been where we are now. Plus there’s also, it’s not just for suppliers and retail partners, the people that have worked with us for so long without a core set of values you wouldn’t be able to retain them. (I13, R2)

The final identity claim that the interviewees made about the CC Group was not about “who we are” but about its decision-making process, in other words “how we think.”

6.3.4 Long-Term Perspective

If we were a publicly quoted company, the decisions we would make would be influenced in an entirely different way. (I11, R2)

The group members characterised their collective decision making as focused “very much on long-term decisions as opposed to short-term decisions” (I21, R2). Strategic and investment decisions were based on what was the “long-term fix for our business ... we have never had any requests for capital shot down because of the length of return on investment, ever” (I6, R1). The interviewees indicated that being a family-owned business enabled this long-term perspective:

My previous experience was a chief exec of a public, quoted company in London and the difference is huge in that you're able to run to a longer

term agenda. That's not to say you take longer to do things, but you can run the business from a perspective of doing the right thing and building for the long-term. The pressure from a short-term investor is huge because obviously they want to make a turn and so on. (I11, R2)

This long-term perspective was also extended to employee welfare and benefits, “it's a good company in terms of taking a long-term view in terms of employees' welfare, things like pensions and areas like that” (I15, R2). This long-term perspective claim was aligned with their value-based claims: “it still does have a very much long-term do the right thing, look after our values as a company, which all stems back from the family and the direction that they've set.” (I10, R2). One of the interviewees suggested that “every decision” taken within the company was measured against its values:

When the company is making a decision ... like the business case for that would have been measured against every one of the values and ... how that interacts with the values. And every decision ... that's taken in the business is taken in accordance with that. (I21, R2).

For the purpose of this study the interviewees' OI claims are viewed as representing one part of the Group's OI, its identity reservoir. This identity reservoir is a storage bin of claims about the Group's fundamental characteristics and activities that form its formal and symbolic core (Kroezen and Heugens, 2012). The second intertwined part of the Group's OI is its enacted identity. Enacted identity is concerned with the identity claims employed by an organisation in social interaction and organisation members can focus to varying degrees on different claims depending on the context or audience involved (Gioia, 1998; Kroezen and Heugens, 2012).

6.4 Enacted Identity

.... the CC Group values have been around since 1876 but they evolved with time and what does it mean in today's world and we're actually going through another evolution of them at the moment ... so the words mightn't change but, some of them have, some of them won't. but, you know, what does it actually mean in the world that we live in today which is very different to the world that we lived in four years ago but the values are

very important. Everybody knows what they are. They know what they need to do to live them.

Alongside their discussions of the Group's OI claims, the interviewees also discussed how these claims were employed to varying degrees by group members in their interactions with retailers, suppliers, and the CC family in the context of a changing external environment. The Irish economy went into recession in 2008 when GDP contracted by 14% and unemployment levels rose dramatically. A sharp contraction in consumer spending placed the Group and its retailers "under enormous challenge at the moment" (I1.2, R2). The environmental executive suggested that the CC Group's community-based, local sourcing model was under threat given these new circumstances:

People are spending less, people are shopping around more, they are looking to spread their purchase between the discounters and the likes of ourselves. We have got the nightmare of cross-border shopping. We have now got say our largest competitor, is shipping goods directly in from the UK and therefore the costs of Irish indigenous products, which is what we're committed to, is creating a disparity and therefore, we're under pressure to bring our Irish suppliers down to a level where we can compete with stuff that is being brought in from the UK, or down from Northern Ireland. (I1.2, R2)

The interviewees indicated that the Group was being more demanding of its employees, retailers and suppliers and was facing more labour relations issues as it responded to economic pressures.

6.4.1 Interactions with Retailers

The retailers indicated that trading conditions were very difficult and a small number of their colleagues had to enter liquidation or receivership processes. Several of the group members indicated that, with the approval of the CC family, collectively they were "living the values" in relation to retailers:

We're supporting retailers, like we're putting up finance in certain cases, like that's supported by the family. Do you know what I mean? They kind

of say, okay, just long-term ... It might cost less in the short-term but long-term like, I mean, that helps our ... that sustains our business. (I21, R2)

Each of the retailers also talked about the Group's support of other retailers experiencing difficulties. Although none of the participating retailers discussed their specific situations they indicated that they could rely on the support of the group members if needed:

They are so human. They are so human. They wouldn't take a ... if the sheriffs came in the morning to take the shop off me, I know they'd have my back. You know, they're very human. They don't want to be seen as, oh, there's a great store we could get our hands on. Do you know what I mean? And, great, sure we could just get somebody else in there in the morning, they'll pay la la la money. That's not what they're ... that's not what they're about. And you can even see it in the current climate where retailers are struggling. They're not putting the shops up for sale on them and going, now, you're out, next person in. They're standing by their retailers, and that's phenomenal ... that's a phenomenal thing to see in a company, you know? (I17, R2)

6.4.2 Interactions with Suppliers

Several of the group members indicated that value-based claims could be given precedence when dealing with individual suppliers as well:

We made a decision to go with our longer established company even though they were more expensive because we felt we had a relationship with them, they knew our business, we ... you know, we knew them and that ... you know, if we didn't give them the business they'd actually be gone out of business. So we took the long-term stable relationship from the past, the present and the future, and we made a decision we're actually going to continue to support this company. (I12, R2)

However, they also indicated that their collective commercial characteristics came to the fore in their interactions with suppliers when they felt threatened by external economic events. When the Group's largest competitor moved from Irish to overseas suppliers to reduce costs, Group members had to renegotiate with suppliers to bring down costs on both sides. This

was, however, perceived as a better approach than reducing the level of Irish-sourced goods that the Group purchased:

We've had to work very, very hard and we've had to have a lot of very honest and open discussions with suppliers and say that "If you guys want to work with us to sustain all of our businesses through the current economic situation and match the pricing that Company X are able to get by bringing stuff in from the UK, well then you've kind of got to get real. (I1.2, R2)

6.4.3 Interactions with the CC Family

The family director and several of the senior management interviewees indicated that OI claims played a significant role in the interactions between the family and the company. The family director indicated that value-based OI claims had been included as part of a strategy document that set out the family's expectations for the business when the last CC family CEO had stepped down several decades previously, "what is very key in there (the strategy document) ... are the company values" (I7, R2). This director suggested that as part of the governance process they wanted to evaluate group members on both commercial- and value-based OI claims and expected the CEO to do the same:

Ultimately it is either what you are or it isn't, and again you have to live the values and do you live them every day? We would hope that we try to. But I think that certainty from a responsible ownership perspective it is having the courage to sort of codify them and having the courage to stand up the management of the company if we think that they are being overstepped. The management work with them every day and I think the key there is the attitude of the Chief Executive. It is pretty obvious pretty soon if the Chief Executive doesn't live the values. Our one does most emphatically. He is very good. He is there and he would be pushing back and challenging the management boards in the company. (I7, R2)

The CEO and senior management interviewees indicated that "the exec board and the divisional boards very much use those values in making decisions day-to-day" and they believed that the family evaluated the business using both economic and OI based lenses:

.... From a family perspective, the values ... are important, and the family judge the business not just purely from an economic point of view, although clearly that's important in the long run, they also judge it as to whether it's doing the right thing because ultimately it's their name over the door. (I11, R2)

The senior management interviewees also maintained that value-based criteria were increasingly being incorporated into the Group's system of performance appraisal. Non-management group members also indicated that "living the values" as well as succeeding commercially was an expectation or norm for them:

No matter how well you have delivered to the business, if you have delivered in a way that doesn't agree with the company values you will not move on. ... So it's all about getting the balance right in the long-term relationship, and you are expected to live the values and you are, it is, it really is through everything you do, the whole honesty and integrity piece, you know. (I14, R2)

In constructing these types of narratives about past events and interactions with the Group's key stakeholders, the interviewees were engaging in implicit identity talk about the Group's enacted identity ("We supported retailers because it is the right thing to do"), just as they engaged in explicit identity talk about the Group's OI claims ("We are a family business", "We have values" "We are a community-based business"). Explicit and implicit identity talk was also employed by the participants when discussing the emergence and evolution of the sustainability programme. Sections 7.3, 8.2 and 8.3, in particular, provide examples of this identity talk and Section 10.2.2 provides an analysis of the overlap between this identity talk and the legitimisation of the sustainability programme.

6.5 Chapter Summary

This chapter provides an in-depth analysis of the CC Group's OI and is divided into three sections. The first section considers the Group members' identity work. The second section focuses on the interviewees' discussions of the Group's central, distinctive and enduring characteristics, which form the Group's set of identity claims. The final section looks at the Group's enacted identity and considers how group members employ these claims to varying degrees in their interactions with retailers, suppliers and one another.