Through the looking glass

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

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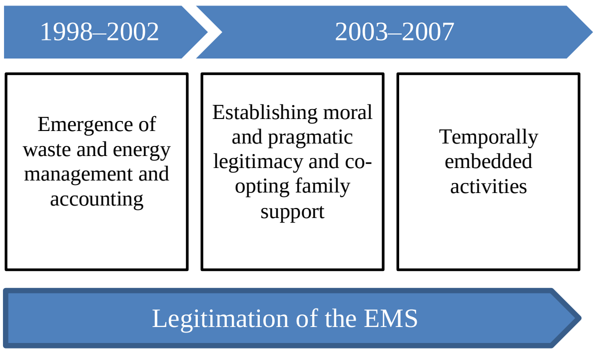
Chapter 7: The Emergence, Evolution and (Partial) Embedding of Environmental Management and Accounting

7.1 Introduction

This chapter considers the first of three research questions: why and how did an environmental management system emerge and evolve between 1998 and 2003 in the CC Group? This question is addressed by tracing the emergence, evolution and embedding of the environmental management system and the environmental accounting system over a nine-year period (1998–2007). The narrative is based primarily on the interviewees' retrospective and contemporary accounts of this process, but also draws on the documentary data provided by the interviewees and the external sustainability reports. Figure 7.1 represents the section of the chronology that relates to these aspects of the sustainability programme. Each phase of the diagram is then discussed in the following sections.

Figure 7.1 Chronology of the Emergence, Evolution and Embedding of the Environmental Management System (EMS), 1998–2007



7.2 An External Prompt

The Group's engagement with environmental issues dates back to the late 1990s and started in the Irish franchise division. Increasing environmental legislation, rising waste disposal costs and environmental risk were perceived by the interviewees as the trigger for the Group to start considering its environmental impacts and initiate a waste management process.

Several of the interviewees indicated that the external regulatory changes were perceived as having consequence for the Group in terms of cost and risk management.

> *Legislation firstly, rising costs especially on waste management … and a risk management really protecting the brand against, I suppose, different things that their franchisees could have been doing, and indeed within in-house themselves. Because they had quite a big business, it's spread over multiple sites and managing the risk in terms of the environment was very important to them too. (I2, R1)*

In the mid-1990s, prompted mainly by EU legislation, waste management and disposal was becoming a focus of the Irish government (Wynn, 2003). A significant amount of new environmental legislation was being prepared. The interviewee accounts[9] and the first environment report suggest that these external developments were perceived, at the time, as having an element of coercive pressure:

> *The one issue that is to the forefront of my mind [Group MD] and has gripped every business in this country today, often threatening to hold us to ransom, is waste management. (CC Group, 2001, p. 1)*

However, the subsequent development of the environmental management and accounting systems, external reporting and the sustainability programme go far beyond the original regulatory requirements. The environmental executive indicated that the regulatory pressure triggered, but did not shape or limit, the Group's engagement with sustainability:

> *What was the trigger for us really getting stuck into sustainability? And at the time it was probably waste and the cost of waste. It was the economic trigger that opened up this Aladdin's cave of a sustainability opportunity. It was the mechanism that got us into sustainability. (I1.2, R2)*

[9] Not all of the interviewees were employed/involved with the company at the time the environmental activities started. This section draws on interviews with interviewees who were involved in setting up the first environmental activities and reports.

7.3 Evaluating Environmental Management

In late 1998, the franchise division engaged an external environmental consultancy firm. The lead consultant proposed a new set of waste and energy management activities to the group board. He indicated that the proposed environmental management system was comprehensible to the group board members, in particular the family directors, from the start:

> *Even sitting down and addressing the board for the first time in 1998, I didn't really know what to expect, but they just said, yes, yes, why aren't we doing this already? It makes sense, you know, and off we go. (I2, R1)*

Although the interviewees acknowledged the role of external changes in triggering the Group's recognition of environmental issues, their explanations of the Group's motives were internally focused. The external consultant suggested that "it was partly company ethos and the family ethos from the family business and really from a business perspective it was to be different and better" (I2, R1**)**. The retired CEO and divisional director were key actors in the decision to develop the environmental management system. When explaining this decision, they drew on descriptions of the Group's character and actions and suggested that the new activities were desirable and appropriate in this context. The divisional director suggested that, by engaging with environmental issues and putting better waste activities in place, the Group was "doing the right thing" and "living its values."

> *And it [the values] drives a lot of what we do. And then there's the financial piece. And in particular for CC, and it is quite genuine, and deep rooted, that our business is basically rooted in the community. It is our business really, and it is our point of difference. And we have to, if we're to live to our values, then we have to make a contribution. And we have to have social responsibility to that community we live in … So why did we commence doing all this? Because we genuinely believed that we had a responsibility to play a part in society and community. (I6, R1)*

The retired CEO also indicated that the old waste activities were inconsistent with other aspects of the Group's behaviour and the new activities were a pro-active response consistent with a long-term perspective:

> *On one hand we were actively promoting tidy towns and actively engaged in the promotion of a better environment generally, well then it seemed almost counterproductive to be putting waste into landfill if there were other ways of dealing with some of this. So, I think that's probably pretty well where it started and that was the thinking behind it. (I3, R1)*

> *So, then thinking further about the environment generally, one could see that coming down the tracks government, or even international governments, were becoming concerned about the amount of waste, I suppose, in as many forms that we were creating and then there was obviously significant concern about the amount of waste, for example, specifically that was going into landfill and that this wasn't sustainable long-term. I think that we, in CC Group, we would try and be pro-active in terms of trying to do something about that rather than be forced to be re-active when, perhaps, you may have some legislation and so on coming at you. (I3, R1)*

However, despite the availability of a plausible explanation for the proposed activities, there was a deficit of active internal support once the activities were brought in.

7.4 Lack of Internal Support

In 1998, the franchise division (CC Retail Partners Ireland) established the first environmental action team. This team and the external consultant managed specific environmental projects, and developed an environmental policy and an internal environmental management and accounting system. The new activities focused on measuring and reducing the company's environmental impacts – in particular waste and energy management. The company also began engaging with its suppliers and retailers on environmental issues by: starting a common waste contract for franchisees; including environmental measures in the operational audits of retailers; including energy and waste management training in the franchisee training process; and holding a Greening the Supply Chain conference with suppliers in 2002. Along with the new activities, environmental accounting also started to emerge with the aim of gathering data on energy usage and waste generation on an ongoing basis. An environmental review of the division was also carried out in 1999. The review involved an environmental audit of 23 Irish premises (four distribution centres and 19 supermarkets) to gain an overview of existing activities: "a huge range, everything from almost criminal to really good" (I2, R1) and the main areas of environmental concern: waste management; energy and resource management; materials management and training (CC Group, 2001, p. 26). The division then installed metering and tracking to allow detailed accounting for their waste, energy and transport activities. KPIs were also put in place for the division's environmental action team.

Even though the new environmental management system was comprehensible, the CEO indicated that there were a lot of concerns about the new activities:

> *I think the biggest concern was just to try and understand where it was all going to lead to. Where are we going? We had no expertise, we had no in-house expertise. This was all pretty new stuff. So, how are we going to cope with all of that? And how would we know that we were on the right track and not trip ourselves up somewhere along the way? … They were certainly early concerns, yes, absolutely. (I3, R1)*

The external consultant indicated that the family directors, however, were supportive of the new activities: "Yeah, it was the family [who] pushed it originally through the [group] board. And, the original presentation we made to CC's board had family members present … And, they were very interested" (I2, R1). Despite the approval of the company's most powerful stakeholders, there was little internal support from group members at any level for the new activities. The franchise division board appointed one of its directors as an environmental champion. This director delegated most of the responsibilities for the process to one of his managers. When this manager established the first environmental action team, there was no active staff support or commitment to the team:

> *I seconded an excellent guy within my department, who had a great love for it, and genuinely had the passion. I didn't have the time, and I certainly didn't have the passion that he had. And when we installed our EAT [environmental action team] team here, nobody wanted to go on it. I mean it just did not interest anyone. Nobody turned up for it, for lots of meetings. But this guy stuck with it, and he actually drove it. (I6, R1)*

7.5 Emergence of New Policies and Structures

Gradually, policies and systems were developed by the team leader and the external consultant. In 1999, the company published its first Environmental Charter. Transport and energy management systems were developed. Targets were set and monitored for environmental performance with a focus on waste and energy management. There was also some activity in the other main Irish division (wholesale), which was coordinated through the franchise division's environmental action team. When the company published its original report in 2001, it won the first of several ACCA awards for sustainability reporting. The evolution of the transport and energy management systems can be traced through the environmental reports, which show progressively more sophisticated quantitative measures and reporting of performance relative to the company's targets. In some cases, these systems were tied into the company's performance management systems. For example, if the drivers reached their miles per gallon target, they received a year-end bonus, or if the retailers met their recycling target they received a rebate on their waste charges.

However, the interviewees who were involved with the activities during this time recalled that the lack of internal support persisted for several years. Group members were seen as apprehensive, indifferent and at times resistant to the new activities. People were perceived as feeling "somewhat vulnerable" (I1, R1) when asked to get involved in these new unfamiliar activities. The environmental action team was "self-contained" (I5, R1) and separate from other parts of the business: "in the early days … many, many people … saw that the environmental issues were the responsibility of the environmental team which sort of sat over there, and therefore like if there was an environmental problem the environmental team would sort it out" (I1, R1). Similar issues with apprehension and uncertainty arose in the environmental accounting process where there were "a lot of questions on why are we answering this and what's this got to do with us?" (I2, RI). This lack of progress with the new activities was reflected in the 2002 report:

> *I am pleased to report on the progress we have achieved across our trading divisions. At last, we can see the fruits coming through into our day-to-day business and operational functions, particularly in identifying the true benefits of proper environmental management across the board. Although*

> *this process has not been as rapid as I first imagined, substantial progress has been made. (Group MD) (CC Group, 2002, p. 4)*

Support from the retailers was also problematic (CC Group, 2002, pp. 4, 42, 57). In order to improve environmental management throughout the span of its operations, the franchise division needed the retailers to adopt new waste and energy management systems. The nature of the franchise relationship presented a challenge, as the owner managers, in this area at least, had a certain amount of choice as to how they wished to operate. The Group could not just "issue a dictate from head office that from today we are going to do this and that's what happens" (I1, R1). The waste and energy management initiatives met with varying levels of resistance and support. Some of the franchisees were seen as being very involved and pro-active in the area, but this was not universal:

> *So unfortunately there are retailers out there who don't buy any of this … the way that we do. They just see it as noise, distracting them from the main goal of business … it's such a fast-paced business, huge pressure and trying to maintain their business they just cannot distract themselves with this sort of stuff. (I1, R1)*

The new activities needed to build legitimacy of all types with key internal constituents including the management and executive directors of the company (in order for it to be part of the decision-making processes and be allocated resources) and with the staff (for it to be incorporated into the day-to-day activities of the company). In addition, gaining legitimacy with retailers would be important if the environmental management system was going to be embedded into the span of the company's business. Engaging the external consultant had co-opted an expert for the activities; however, it also perpetuated the perception of environmental management as something separate from the company's main activities. The external consultant felt that "we were becoming too involved within the company and a lot of the responsibility was staying with us rather than company people. So it was becoming a little bit distant from their day-to-day activities" (I2, R1).

In 2003, following discussions between the directors and the external consultants, the environmental executive was appointed. The interviewees perceived this as a key event in the legitimation of the environmental management system. The new role was positioned within the Group rather than within the divisional structure with direct reporting responsibilities and access to the group board. The role included establishing environmental action teams in three other divisions, supervising these teams, coordinating work between the divisions, developing policies, publishing the environmental reports and reporting to the group board. The following section discusses the internal legitimation of the environmental management system following the appointment of the environmental executive, which gradually removed the liability of newness and garnered internal support for the activities.

7.6 Internal Legitimation 2003 to 2007: Establishing Pragmatic and Moral Legitimacy

Appointing the environmental executive contributed to the moral legitimacy (procedural and personal) of the activities through the formalisation of the structure for environmental management and the strengthening of its linkages to the existing hierarchical structures including, in particular, the group board. One of the team leaders indicated that activities were now seen as "top-down" (I5, R1) and the company had "decided then to take the environmental issues then on a very serious basis … the appointment of a Group Environmental Executive underpinned that commitment" (I5, R1). However, this strategy alone was not sufficient to gain widespread internal support for the environmental management system. The environmental executive indicated that he encountered resistance from group members when establishing the other environmental action teams: "I remember one of the very first meetings in Belfast somebody saying, well, this policy is all well and good … but it doesn't really apply up here." (I1, R1)

A range of strategies emerged to further build the internal legitimacy of the system. The legitimacy of the activities was built through: the promotion of the pragmatically and morally valuable outcomes of the activities; the continued development of policies; the co-option of credible supporters of the process; and the linking of the process to the existing hierarchical structures within the business. Each of these strategies contributed to establishing the pragmatic and moral legitimacy of the new system.

7.6.1 Establishing Pragmatic Benefits

There was an initial focus on building pragmatic legitimacy at a local level (within the divisions and with retailers) for the environmental management system. The interviewees' accounts suggest that the environmental executive and the external consultant sought pragmatic legitimacy for the new activities by demonstrating that they were in the economic best interest of the Group or the audience concerned. The external consultant suggested that there were "a lot of easy wins" (I2, R1) in the form of cost savings and risk management opportunities. For example, in the area of waste management, there was a huge variety of practice across the franchised stores. The common waste management contract allowed the Group to monitor existing performance and require better performance from its retailers but also provided the retailers with significant cost savings.

Highlighting these pragmatic benefits was perceived by the environmental executive as a very important strategy in helping to convince the "doubters" (I1, R1) within the Group. "Approach*(ing)* this from a business perspective" (I1, R1) and not being seen as "just a green tree hugger" (I1, R1) also helped to bring "credibility" (I1, R1) to their role. Accounts of successful projects emerged throughout the business and helped to recruit more group members into engaging with the system: "if you have successes, the successes very quickly spread around the business and other people think, well, I wouldn't mind having a piece of that" (I1.2, R2). Employees and managers were "discovering" the pragmatic benefits of the environmental management system, and the link between the system and cost savings was becoming cognitively established:

> *Now, this is one of the things that we've had to do along the way, we have had to create a link and demonstrate to people that doing things in a sustainable way very often brings you costs benefits as well. Now, we have got belief because people have discovered it. They now believe it and now they want to do it. So, it is no longer a case of me having to phone people up and say, "Can we do this? We need to meet up and discuss this." Now, I am getting information back from people saying, "We can do this" or "We're going to do that and we think it'll mean this, we think it'll mean that" and "By the way, can you calculate the carbon benefits if we do this?" (I1.2, R2)*

Establishing the pragmatic, best-interest type legitimacy of the environmental management system resulted in support for the activities from the group board and family directors in the form of funding. During this period (2003–2007), there were substantial budgets available to the environmental action teams: "the company gives us a relatively large budget to work [with]" (I5, R1). Unsurprisingly, this willingness to invest in projects was linked to the fact that the projects would generate environmental benefits *and* cost savings: "in fairness … when you can demonstrate to them that something is cost effective and will make a difference, there's no problem about investment in it" (I2, R1). The environmental executive and the team leaders were quick to stress that the savings generated by environmental management "far and away" out-weighed the "time, effort and expense" that went into the system, particularly in the area of waste and energy management. These cost savings provided a key source of pragmatic legitimacy for both the environmental management and accounting systems. The environmental executive and the external consultant engaged in project-specific environmental accounting as a way of providing information on cost avoidance. The external consultant suggested that one such exercise for the Group headquarters built in 2005 was very convincing:

> *They were never terribly convinced on the energy until they built the headquarters last year and they said, OH MY GOD, it costs us to build less than an extra 5% on the building cost but over the lifetime of the building they will save multiples of hundreds and hundreds of percent on energy costs and water costs. And they never thought it could be done and they thought that the technologies just weren't there to do it. But that, that has been very convincing in terms of another cost avoidance that can be built in and retrofitted across the business, ah, quite quickly, and that has happened... (I2, R1)*

Promoting the cost savings associated with environmental management was particularly important in establishing pragmatic legitimacy with retailers, who were under "extreme margin pressure and cash flow pressures." The franchisees indicated that this strategy had been adopted as the selling point for the retailer audience:

> *But they don't sell it in an ecological sense. Ecology, if that is the right word, doesn't really work. It's more sold on the cost saving type of … but I mean that's what it is really. You do one thing and you sell it as something else, depending on who you're talking to, you know. That's the reality, but there would be … I would suggest, if they do the energy audits, there would be a sincere want to do the right thing, yes. I would imagine there's sincerity behind it. (I20, R2)*

In addition to the pragmatically valued outcomes, the morally valuable environmental benefits of the system also contributed to building its internal legitimacy.

7.6.2 Aligning the Environmental Management System with Socially Valued Concerns

The strategy of legitimating the activities through their pragmatic benefits had limitations. The benefits of the cost savings did not accrue directly to the Group's or retailers' staff: "saving money was not a hook for them" but making "a big contribution to the environment you live in" was a "genuine hook" (I6, R1). The key participants (the environmental executive, the external consultant and the team leaders) in the activities sought to construct explanations for the activities that linked them to socially meritorious outcomes. Environmentalism was becoming a more mainstream and normal paradigm of concern in Ireland during the early 2000s and Irish people were strongly supportive of government led environmental initiatives including regulation and even higher prices or taxes (Motherway et al, 2003, p. xi.). The environmental executive indicated that he could now construct explanations for the activities that incorporated this emerging societal concern for the environment and emphasised that "everybody has responsibility for the environment, you know it's like the Power of One [government led energy saving campaign] type concept everybody has a responsibility for the environment" (I1, R1). The rise in general public awareness of environmental issues coupled with numerous internal environmental training courses was seen as having changed the mind-set of staff involved in the day-to-day operations of the company:

> *Well, changing of the mind-set of people who would have traditionally used compactors and wouldn't have worried about recycling, and to get even that initiative going, once you started it, it was amazing to see the number of people coming up with ideas. (I4, R1)*

The environmental executive also sought to de-mystify the activities by aligning them with group members' existing areas of expertise.

> *... for instance if you put somebody onto a team who is a transport manager and you want to talk about cutting truck emissions well then you talk about things like fuel efficiency that is the language they understand, and from there you sort of get, you get common ground and you can get ideas from them they'll tell you what things can and can't be done. (I1, R1).*

He indicated that once group members became involved in the environmental management system, they saw that there was “no black art in this” (I1, R1) and they started to see the “common ground” (I1, R1) between the activities and their own roles.

7.6.3 Formalised Policies and Accounting and Alignment with Existing Structures

The environmental executive developed additional formalised policies for the environmental management system and links with the company’s existing hierarchical structures. Both of these strategies helped to build the system’s procedural legitimacy. The environmental executive’s role involved “negotiating and cajoling” and in some cases he had “to be prepared to stand up and argue with people, where you’re getting pushed back on something.” When dealing with a challenge to the establishment of one of the environmental action teams, he emphasised that the activities were based on “non-negotiable” group policy:

> *I was saying well, their policy is non-negotiable really, it’s a group policy, it’s how we as a business define the way we are going to do things. However, there may be things in here that have less relevance for you than others and you must weight your policy, or, sorry, work plan in the directions you feel necessary. But all the time recognising that all of the policy applies to you. (I1, R1)*

The environmental executive also sought to co-opt the support of the divisional and group directors for the environmental management system. He indicated that this was a key strategy in overcoming the lack of staff commitment and support for the system:

> *The only way you can really, really or realistically get projects done is by embedding them in the department where they need to reside and that they are driven by the director with responsibility for that department. (I1, R1)*

This strategy also provided the environmental executive with an element of coercive influence. Employees perceived (or could be reminded) that the process was supported by the company’s formalised policies and its senior management:

> *You say, well, not only have you got this, this and this, but there is also this responsibility, around corporate responsibility, we’ve signed up to this as a board, as an organisation, and we need your support if we’re to deliver what we want to deliver. (I1, R2)*

In addition, the environmental executive, the team leaders and the external consultant substantially developed the Group's environmental management accounting during this period and there was now internal reporting at both divisional and group board level on a quarterly basis. Both the interviewees' accounts and the documentary data suggest that an environmental accounting system was developed to include the majority of the Group's operations[10] between 2000 and 2005. In 2000, the company's system accounted for energy usage and carbon dioxide emission and estimated the waste generated for the franchise division alone. By 2005, the environmental management accounting system was collecting an extensive set of hard data on its environmental impacts across its divisions and sites in relation to emissions, energy and waste:

> *I suppose from a systems point of view we've had to put in systems to gather data ... And that's basically everything, like I say, from MPGs to energy use on site, to diesel we would use, to waste and so on, there's been various kinds of systems put in at different levels to gather that information. I mean physically we would have had to install energy monitors on site to gather information about energy use. As part of our tender documents to our waste contractors, we would have had to ensure there's a process there they can report back to us on the amount of waste, basically on every individual unit and also then recycled as per the actual material, cardboard, plastic, timber, whichever else it is. So, there was various IT or communication systems put in to provide that information. (I5, R1)*

Data on the company's social performance were also being collected and reported. Table 7.1 (p.109) contrasts the quantitative environmental and social data reported in the external reports in 2001 (for 2000) and 2006 (for 2004 and 2005), with comparative figures for 2002 and 2003. Using this system and a set of reporting templates, each division had to report, by site, quantitative environmental data each quarter. Internal quarterly reports were prepared using these data and qualitative information on new and continuing environmental projects. These quarterly reports, reviewed at divisional and group board level, formed the basis of the external reports. The numerical data collected every quarter were supplemented by a

[10] The environmental management accounting system did not, at this time, extend to the company's smallest division in Spain (3.7% of turnover in 2013).

Table 7.1 Comparison of Environmental and Social Data Reported in 2001 and 2006

	2001 Franchise Division Only	**2006 for Irish and UK Divisions (unless otherwise stated)**
Environmental Spend	N/A	Environmental budgets for environmental action teams
		Environmental spend by division and for the Group
Waste	Estimated typical waste categories (% by weight) at each store type	Waste management data 2002 to 2005: • Number of participating premises • Total waste collected • Diversion from landfill
	Estimated tonnes of waste generated in 2000 for the franchise division and retail stores	One-Stop-Shop Waste contract data (Including Retailer Stores) 2002-2005, Republic of Ireland and Northern Ireland: • Number of participating premises • Total waste collected • Diversion from landfill
	Detailed waste characterisation for one retail store	Waste Indicators for owned facilities 2002 to 2005: • Cases sold • Total waste • Total waste per case • Diverted from landfill • Diverted waste kg per case
		Packaging study data for own brand products
Emissions	Estimated of gas emissions in 2000 from franchise division's buildings	Electricity NOx emissions
	Tonnes of carbon dioxide from the transport fleet in 2000	Electricity Sox emissions
		Transport indicators 2002–2005: • Cases delivered • Kilometres travelled • Total CO_2 emissions • CO_2 kg per case • CO_2 per kilometre
		Transport Nox emissions

<table>
<tr><th></th><th>2001 Franchise Division Only</th><th>2006 for Irish and UK Divisions (unless otherwise stated)</th></tr>
<tr><td></td><td></td><td>Transport Sox emissions</td></tr>
<tr><td rowspan="4">Energy</td><td>Fuel consumption per 100 km in 2000</td><td>Energy related Carbon emission from buildings, 2002 to 2005</td></tr>
<tr><td rowspan="3">Estimate of energy savings and greenhouse gas reduction achieved by improved lighting technology installation at retailers’ store</td><td>Buildings Indicators, 2002-2005:
• Cases sold
• Building area
Buildings emissions</td></tr>
<tr><td>Summary of building energy consumption and emissions per case sold</td></tr>
<tr><td>Summary of building energy consumption and emission per unit area</td></tr>
<tr><td rowspan="9">Social (2004 and 2005 only)</td><td rowspan="9">N/A</td><td>Employment breakdown by business unit</td></tr>
<tr><td>Employment type by business unit</td></tr>
<tr><td>Indirect employment figures by business unit</td></tr>
<tr><td>Trade union membership by business unit</td></tr>
<tr><td>Occupational health and safety data:
• Injury rate
• Occupational disease rate
• Lost day rates
• Absentee rates
No of fatalities</td></tr>
<tr><td>Average training hours by employee category</td></tr>
<tr><td>Percentage of stores certified to the hygiene standard by Excellence Ireland (franchise and wholesale divisions)</td></tr>
<tr><td>Number of employees who left employment</td></tr>
<tr><td>Number of employees who left employment broken down by age group and gender</td></tr>
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questionnaire circulated annually to the departments (e.g. Finance, HR and so forth) within each division. This was used to gather additional information required by the GRI standards for the external reports.

As the environmental management accounting system developed, the franchise division's environmental action team leader was then able to introduce targets and incentive systems for the division's drivers and retailers, adding to the best-interest type legitimacy of the activities with these audiences:

> *We've also introduced systems for rewarding people; so if drivers reach the corporate target of the MPGs then there's a bonus that they're given at the end of the year. Likewise from a retailer level, if retailers meet corporate targets in terms of waste recycling, then they're given a rebate, a bonus and if they achieve above, 10% above that, then they are given an extra bonus again. (I5, R1)*

In addition to these new policies and structures, the environmental executive and external consultant also sought to co-opt the CC family as supporters of the environmental management system.

7.6.4 Co-Opting Family Support

Given their position, as economically and socially powerful stakeholders, the CC family represented highly credible co-option targets as they could influence the legitimacy evaluations of the group's members and senior management in particular. Consistent with their approach to the management of the company, family members were not actively involved in the environmental management system, but the family director indicated that they provided their support at the board level. The family director indicated that he was motivated to provide support for the system and later the sustainability programme as he believed that engaging with sustainability was part of having a "well managed business" and that not having such a process could expose the business to reputational risks. He also suggested that it was the "right thing to do" and aligned with the Group's values, "bringing them more up-to-date and maybe making them more actually granular." He linked the environmental activities to the Group's history: "I think it is a logical continuation of the way we have been doing business anyway."

The family director indicated that his support involved approval of the activities at group board level and informal encouragement and feedback to the environmental executive and other group members involved in the environmental management activities:

> *I think it is broadly supportive and also taking the time to learn about it and to understand it and put it on two folds, to recognise that the responsibility for the day-to-day driving of it is with the divisional boards, so the assumption is that they are doing that, they are actually working on it. It will come through their board reports so there is a feedback loop … We would get updates on … so there is a chance to question and challenge and ask questions in there. That is probably the main areas. It is just being aware of the importance of it and also encouraging people. People might say "why are we doing all this", and as a family member you have got to remember that you have to give out the right signals. So, if X [the environmental executive] produced something, I would certainly go down and encourage him. (I7, R2)*

The CC family were perceived by the environmental executive and the external consultant as being "extremely supportive" and proud of the company's environmental performance. Both the environmental executive and the external consultant emphasised that the family had provided support for large-scale projects requiring significant investment, such as the Group's environmentally friendly head office, the first large-scale building project to include environmental considerations in its design and construction. In the planning stages for the building, the environmental executive sought to introduce environmental criteria into the design that pushed the build budget over its original estimate. He indicated that the CC family had "no hesitation" (I1, R1) in supporting this overspend because the project was aligned with the family's beliefs:

> *So they generally, are … very supportive as well, you know. I mean when we designed this building here they had no hesitation in spending all of this extra money because they felt we are who we are and we, we want to sort of exhibit what we say, so here's an opportunity for us to put into practice what we say we believe in. (I1,R1)*

Each of the legitimation strategies had limitations vis-á-vis gaining active support from different constituents. Retailers were motivated to support the new system only if they viewed it as meeting their demands for cost savings. In contrast, staff members were perceived as being motivated to actively support the new activities when they were shown to accord with broad social concerns about the environment and aligned with their existing area of expertise. All told, however, the legitimation strategies employed, primarily by the environmental executive and external consultant, led to the environmental management and accounting systems being actively supported by the Group's staff and even to a more limited extent by the retailers. By 2007, the interviewees indicated that a substantive array of routine environmental management activities had been developed that (imperfectly) spanned the Group's divisions and were embedded into day-to-day activities, that environmental considerations were becoming part of group members' decision-making processes and the Group had significantly improved its environmental performance.

7.7 Temporally Embedded Environmental Management System

The embedding of an activity or practice within an organisation involves both depth (the degree to which the practice manifests itself across various types of activities) and span (the extent of the practice not just within an organisation but throughout its entire supply chain) (Basu and Palazzo, 2008). The structures and policies of an embedded practice will affect everyday decisions and actions, and the personnel involved in this practice will have the confidence of, and regular interaction with, other departments and their managers (Weaver et al., 1999, p. 540). An embedded practice is likely to be supported by other organisational policies and activities and managers and employees are "held accountable to it, take note of it, and see it as having a valued role in the organisation's operations" (Weaver et al., 1999, p. 540).

By 2007, the environmental management system was perceived by most of the interviewees as embedded into the daily activities and decision-making processes of the Group. Not all of the new environmental activities had been successful. A small number of projects were trialled and not continued due to a lack of pragmatic benefits or because the technologies were seen as underdeveloped and untested. For example, a cryogenic refrigeration trial was discontinued because the technology was not sufficiently advanced and this made the project economically unfeasible. However, the majority had been successfully implemented and the interviewees perceived a growing awareness of environmental issues throughout the company. The interviewees indicated that there was continual development and expansion of the environmental management system and that environmental activities were now part of the day-to-day activities in the company's core areas of operation: product sourcing and packaging, warehousing and logistics, and buildings and store development. Based on the 2001 to the 2006 Sustainability reports, Figure 7.2 (p.115) provides an overview of the Group's environmental activities between 1998 and 2006 (Appendix H provides greater detail on the projects).

The interviewees also perceived a greater incorporation of environmental considerations into the decision-making processes within the company. There was a "recognition that there is something else out there, it's not all about cost, it's not all about quality of the product, that there is an, another area, another sort of consideration to be taken into account" (I1, R1). The environmental executive found that his advice was being increasingly sought out by managers within the company in relation to new projects or procurement:

> *What does kind of happen nowadays is that people will ask for advice or guidance. We're building another building in another site, so the first thing that people internally ask themselves is there anything that we can, information that we can leverage from CC Group that will help us. And you find yourself sitting with people and giving them pointers and that's now influencing the way that building is being designed. Now in the past that building would have been built, they would have looked at floor area, furnishing, fit out, all of that. Energy, energy efficiency, you know, heat loss all of these things would not have been considered as important. So you know that's the change.*

The environmental action team leaders perceived senior group members as buying into the environmental management system. Ideas and initiatives were seen as coming from the top down:

> *I think quite a lot of ideas are coming from the top down, that the management team themselves are deciding, well, we need to start looking at key areas and then delegating that responsibility down through the team, through X [the environmental executive]. So, there has definitely been a*

Figure 7.2 Overview of Environmental Activities from 1998 to 2006

1998

- Appointment of external environmental consultants
- Establishment of franchise environmental action team

1999

- Baseline environmental review of 23 Irish premises

2000

- Introduction of environmental training for staff and franchisees.
- Inclusion of environmental checks in store audits
- Publication of Corporate Environmental Charter

2001

- Hosting of Sustainable Construction workshop in May 2001
- Development and piloting of bespoke environmental training course and manual for business managers and retailers
- Energy benchmarking for some retailers
- Increased backhauling in the Chill department
- Publication of first Environmental Report

2002

- Introduction of KPIs for the environmental action teams
- Inclusion of environmental measures in supplier Code of Practice
- Hosted 'Greening the Supply Chain' conference with 68 suppliers
- Driver Training in reduced fuel consumption and safety
- Introduction of 'one-stop-waste' contract
- Establishment of Northern Ireland (NI)'s environmental action teams

2003

- Appointment of Group environmental executive
- Establishment of CCSW and UK environmental action teams
- Energy audit at CCWS premise
- Extension of one-shop-waste contracts in ROI and NI
- Introduction of new route planning software
- Installation of in-store energy monitoring equipment

2004

- New energy contract for 500 stores and group facilities with 'greener' energy provider
- Update of retailers' building contracts to ensure that stores are designed to operate at maximum energy efficiency
- Design of sustainable head office

2005

- Construction of sustainable head office
- Energy scoping surveys in ROI and NI facilitates
- Additional electricity meters in installed in the surveyed facilities
- Nominated Energy Champion in each facility.
- Energy Bureau office established in Ireland and full time energy manager appointed in UK division

2006

- Development of food waste management system.
- Introduction of biodiesel for UK logistics fleet
- Study of top own brand lines for packaging reduction opportunities.
- Engaging with the UK's WRAP project and sign up to the Courtauld Commitment.

sea change in terms of attitude towards environmental and corporate responsibility issues. (I5, R1)

Environmental management accounting also contributed to changing the day-to-day activities within the Group and its retailers' operations and improving the Group's environmental performance. The system made staff and retailer performance in relation to waste and energy targets visible. Along with project-specific environmental accounting the environmental executive could use environmental management accounting to highlight the concrete pragmatic benefits of the activities, in the form of waste and energy costs savings and cost avoidance, to managers and retailers. However, the environmental management system was not yet seen as fully embedded. The environmental executive expressed his frustration that environmental considerations were not always included in decision-making processes:

It doesn't happen, as I said to you, I'd be lying if I said it happened with everything, there are times things happen, we develop a new range of product and nobody considers the packaging. And that's a frustration, but we're starting slowly to get into all of these kinds of areas. (I1, R1)

Embedding environmental management activities into the span of the company's supply chain was perceived by the environmental executive and the team leaders as a continual challenge. For example, compared to its internal waste management process, the common waste system for retailers was more problematic. Progress in the early stages was disappointingly slow (CC Group, 2001; CC Group, 2002). Nonetheless, the system survived, began to gain more participants and at the close of the case study was operating with a large number of retailers. Supplier support was contingent on economic considerations. Smaller or exclusive suppliers were perceived as being cautious but generally co-operative. They were wary of adding extra costs or making changes that might affect product quality, but would engage in projects that generated cost savings. However, the company's size relative to some of its largest suppliers was perceived by the environmental executive as leaving them with little ability to influence these suppliers:

You have no influence over … very large branded suppliers. Whilst we appear to be a big company in an Irish context, we really are just a little blip in the ocean as far as the global market is concerned. So the large branded suppliers are not really going to be influenced by us … The ones *we do have influence would be exclusive suppliers … you can then work in partnership because you have guaranteed volumes. (I1.2, R2)*

Despite this reluctance on the part of suppliers, the environmental executive and the environmental action team leaders indicated that there were individually successful initiatives with suppliers. Overall by 2007, the environmental management and accounting systems were perceived as having created considerable change within the company's infrastructure, operations management and decision making. The environmental management system as a whole had developed both depth, in terms of environmental activities manifesting themselves across the company's core activities, and span, as the company had sought to extend these activities (somewhat) into its supply chain and in particular into its retailers' businesses. The structures and policies for the process had been extensively developed and were now perceived by the interviewees as affecting everyday decisions and actions. The personnel involved in the environmental management system, in particular the environmental executive, had the confidence of, and regular interaction with, other departments and managers as well as the group and divisional directors and family shareholders. As the environmental management and accounting systems became embedded, they were aligned with the company's existing CSR (corporate social responsibility) activities and the company's sustainability programme began to emerge. These systems would continue to evolve as part of the emergent sustainability programme.

7.8 Chapter Summary

This chapter traces the emergence, evolution and embedding of the environmental management and accounting systems between 1998 and 2007. It firstly identifies the external prompt for the group's board of directors to consider environmental issues. It then discusses how the group members filtered and responded to these external pressures and provides insight into how they constructed plausible explanations for the new environmental management activities. It also highlights the initial lack of active support for the new activities and the legitimation strategies employed by key participants to gain wider internal support for the activities leading to the partial embedding of the environmental management system.