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Through the looking glass

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

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Chapter 11: Conclusions

11.1 Introduction

This chapter provides the findings and conclusions for the study. The first section provides an overview of the study. The second section presents the research findings followed by a discussion of the research contributions in the third section. The chapter closes by considering the limitations of the research and directions for future research.

11.2 Overview of the Study

This study was motivated by a core, open-ended research intent (Berry and Otley, 2004, p. 235): to evidence, understand and explain the emergence, evolution, and (non) embedding of a sustainability programme and sustainability reporting. To address this research intent a case study was undertaken, using longitudinal, flexible, and iterative methods with the objective of obtaining rich, detailed and evocative data (Langley, 1999; Berry and Otley, 2004; Edmondson and McManus, 2007; Gioia et al., 2012). Multiple types of data (company documents, media documents, field visits and semi-structured interviews) were gathered during two separate phases of data collection. The core data (Gioia et al., 2013) for the study consisted of company documents – in particular, the sustainability reports and internal accounting documents – and semi-structured interviews. The concepts of OI (organisational identity) and internal legitimacy were then used to analyse and interpret the data. The theorisation, analysis and interpretation of this data gave rise to the case narrative presented in Chapters Six to Nine and the case discussion in Chapter Ten.

11.3 Research Findings

The study analyses why and how environmental management and accounting systems, voluntary external reporting and later a sustainability programme emerge, evolve and are (partially) embedded within a large group of companies. The analysis illustrates why and how the environmental management system emerged in the case organisation and demonstrates that organisational members will seek to assess the relevance of environmental issues to their organisation using their organisation's identity as an evaluative framework and, in this way, can accept or deny the need to change their activities. In doing so, the analysis demonstrates

that not all organisations are “naturally change-resistant” (Bouten and Hoozée, 2013, p.334) when it comes to environmental issues.

The longitudinal nature of the analysis also illustrates the evolutionary nature of the sustainability programme and the ongoing interplay between it and the organisation’s identity and internal legitimation processes. As the internal and external expectations of the emerging sustainability programme evolved, the personnel, policies, structures and accounting practices associated with the programme also changed. As the participants in the study experienced the evolution of the programme, the Group’s OI formed a significant aspect of their framework for evaluating the pragmatic and moral value and the comprehensibility of the programme. The analysis also evidences the vulnerability of apparently embedded structures (the environmental action teams) or activities (GRI-based reporting) to losses of internal legitimacy and active support as the programme evolved.

In addition, the analysis provides insight into the integral role of environmental management accounting in the emergence and legitimation of the environmental management system. This provides evidence to support the contention that management accounting is an important technology (Bebbington and Thomson, 2013) to support an organisation’s sustainable development transitions. The analysis demonstrates that it was primarily group members and external experts who introduced sustainability concerns into the organisation, and that environmental management accounting contributed to the diffusion of these concerns within the organisation and the pragmatic legitimation of the environmental management system as a whole.

With regard to external sustainability reporting, the analysis illustrates that external reporting is not exclusively motivated by external legitimacy considerations and provides further evidence to support the argument (Bebbington et al., 2009; Lodhia and Jacobs, 2013; Contrafatto, 2014) that internal dynamics have a significant role to play in the emergence of sustainability-related reporting. However, the case narrative also shows that external reporting may lag, rather than lead or trigger, sustainability activities and performance, contrary to what is commonly assumed in the literature. In contrast to Contrafatto’s (2014) conclusions, the study illustrates that external reporting can be a by-product of other sustainability activities (the environmental management system) rather than the organisation’s primary medium or output of the process of engaging with sustainability. In addition, and again in contrast to Contrafatto’s (2014, p. 429) findings, the longitudinal

nature of the study demonstrates that external reporting may be weakly and temporally internally legitimated rather than institutionalised, despite what would seem to be a favourable organisational environment incorporating an institutionalised notion of social and environmental responsibility or sustainability.

11.4 Research Contributions

This research makes a number of empirical and theoretical contributions to the literature on organisational sustainability and accounting for sustainability. Firstly, the study provides a holistic and longitudinal view of the development of a sustainability programme and related accounting within a family-owned company. In doing so, the study adds to our understanding of *why* and *how* these activities emerge, evolve and become (partially) embedded within an organisation. In considering *why* environmental management accounting and voluntary external reporting emerged, the study adds to the small but growing body of literature (Bebbington et al. 2009 and Lodhia and Jacobs 2013; Contrafatto 2014; Belal and Owen, 2015) that provides a more detailed, complete and nuanced view of the motives for this type of accounting and reporting (O'Dwyer, 2002). It therefore responds to Hopwood's (2009, p.437) call for detailed case studies exploring the variety of motives implicated in the (non) production of environmental and sustainability-related accounts.

In addition, only a small number of studies (see, for example, O'Dwyer, 2005a; Contrafatto, 2014; Belal and Owen, 2015) have explicitly focused on *how* accounting for sustainability develops in specific organisational contexts. Yet, studies of this kind are necessary to understand and evaluate the potential of this type of accounting, and accounting in a wider sense, to promote transformative change in our ways of thinking and doing business (Contrafatto, 2014). More specifically, this study provides insight into the divergent internal legitimation and evolution of environmental management accounting and voluntary, GRI-based sustainability reporting. It demonstrates how, as the sustainability programme developed within the case company, environmental management accounting became an integral part of the environmental management system and later the sustainability programme but internal support for reporting faded. The study's holistic consideration of the evolution of both environmental management accounting and external reporting as part of the emergence of a sustainability programme represents a significant departure from the prior literature on sustainability accounting. This literature has been criticised for decoupling the accounting

narratives about sustainability in external corporate reports from the organisation's actions or inactions around sustainability (Bebbington and Larrinaga, 2014) and this study responds directly to Contrafatto's (2014) call for more in-depth and sustained research in this area. In addition, this study adds to the work of Belal and Owen (2015) who suggest that voluntary sustainability reporting can cease when it is perceived as conflicting with the fundamental economic interests of the reporting organisation by demonstrating that voluntary reporting can cease even when no such conflict exists.

The study also examines the role played by key participants in the sustainability programme and, in doing so, it supports the importance ascribed by Bouten and Hoozée (2013) and Contrafatto (2014) to individual organisational actors in establishing new environmental activities. In addition, the case narrative provides insight into the *nature* of the roles played by the key participants in seeking legitimation from internal audiences and powerful stakeholders and in (re)evaluating and (re)selecting which activities to actively support themselves.

At a theoretical level, the study adds to the limited body of work (in particular the work of Bridwell-Mitchell and Mezias, 2012; Brown and Toyoki, 2013) which has sought to examine the relationship between OI and internal legitimacy. The study supports Bridwell-Mitchell and Mezias' (2012) argument that establishing cognitive legitimacy, in particular comprehensibility, plays a more important role in the emergence and legitimation of new activities *within* an *existing* organisation than previously considered. In addition, the study highlights the role of individuals' legitimating identity talk (Brown and Toyoki, 2013) as an important mechanism for establishing comprehensibility during the initial or preliminary legitimation of emerging organisational activities. The study also demonstrates how the processes of OI and internal legitimation overlap through this mechanism.

11.4.1 Limitations and Future Research

A number of limitations to the study act as qualifiers for the analytical framework and as opportunities for future research (Nag et al., 2007). Firstly, although the study is longitudinal and was carried out concurrently with the emergence of the sustainability programme in the CC Group, it relies on retrospective data concerning the emergence and evolution of the environmental management system in the late 1990s. The research process employed sought to mitigate this limitation by using methods advocated by Miller et al. (1997): interviewing

multiple knowledgeable respondents; allowing for free recall (respondents could say as little or as much as they wanted); and using additional data sources (documents and reports). Focusing on one organisation within a specific ownership context also limits the transferability of the results. The CC Group is a long-established family-owned company. The CC family are no longer involved in the day-to-day running of the company, but the company's OI has been influenced by generations of family ownership. It is in this context that the legitimisation strategies for the programme have operated. However, this was a necessary sacrifice to gain the in-depth insight needed to develop our understanding of the internal legitimisation process for sustainability programmes and sustainability accounting. This study is one of only a handful of studies which have taken a holistic and longitudinal view when examining the internal legitimisation of sustainability accounting and reporting, further studies of this type, in similar and other contexts, are needed to develop our understanding of the robustness of the study's findings.

In addition, the findings of this and other studies (Bouten and Hoozée, 2013; Thomson et al., 2014) demonstrate that environmental management accounting has an important role to play in supporting an organisation's sustainability programme. In examining the role of environmental management accounting, this study focuses primarily on the operation of the system within the CC Group. However, there was some evidence that this system, in the form of waste and energy accounting, had expanded into the CC Group's supply chain and in particular the franchisees' operations. Future research could therefore seek to understand the nature and operationalisation of environmental management accounting within supply chains.

Finally, the study highlights the role of identity work in establishing and evaluating the internal legitimacy of a sustainability programme that was found to be comprehensible and ultimately internally legitimated by the group members. Future research could seek to understand the role (if any) that identity work plays in organisations where sustainability initiatives are seen as incomprehensible or lack internal legitimacy.