

**Exploring sustainability practices and reporting at Musgrave Group: A
case study of an Irish private company.**

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Abstract

The purpose of this paper is to present the findings of a case study of a large family owned Irish company, Musgrave Group, which has been engaged in sustainability practices and reporting since the late 1990s. In doing so the paper provides an in-depth account firstly of the internal motivations for the company's engagement with sustainability practices and reporting and secondly of the process through which the sustainability practice gained internal support and began to be integrated into the day to day activities of the company.

Introduction

Recent decades have seen vast growth in the extent of corporate involvement in sustainability practices and reporting. Yet, Irish companies could be accused of lagging behind their European counterparts (O'Dwyer, 2001; O'Dwyer & Gray, 1998). While there has been a gradual increasing in the number of publicly quoted companies publishing sustainability related information (Maughan, 2007; Sweeney, 2008), this is not yet a widespread practice among publicly quoted companies. Yet, Musgrave Group¹ a large private family owned Irish company has been engaged in a sustainability practice² (encompassing both sustainability practices and reporting), since the late 1990s and publishes independently verified GRI compliant sustainability reports.

This paper provides an in-depth account firstly of the internal motivations for the company's engagement with sustainability practices and reporting and secondly of the process through which the sustainability practice gained internal support and began to be integrated into the day to day activities of the company. The paper draws on a case study of the company which involved a series of interviews with key participants in the sustainability process and documentary analysis. The paper provides two contributions to the literature on corporate sustainability practices and reporting. Firstly it provides insight into the internal factors motivating the company's engagement in sustainability practices and reporting in the context of a family owned company. In doing so the study aims to address the paucity of literature on the interaction of sustainability practices and internal organisational processes, structures and cultural factors (Adams, 2002; Adams & Larrinaga-Gonzalez, 2007; Adams &

¹ Henceforth referred to as Musgrave

² The company currently uses the term sustainability in the title of its standalone reports, inline with this the term sustainability is used in this paper to refer to its social and environmental practices and reporting. When referring to prior literature the term employed in the literature is used.

McNicholas, 2007; Adams & Whelan, 2009). Secondly, it examines the legitimating strategies which have helped the process to gain internal legitimacy leading to the (imperfect) integration of the process into the decision making and day to day activities of the company. In doing so it responds to Weaver, Trevino, and Cochran (1999, p.550) call for a greater understanding of the ways in which integration may occur.

The paper is structured as follows: The study's findings are framed using the concepts of organizational identity and legitimacy. The next section (Section Two) provides an overview of these concepts. The subsequent section (Section Three) outlines the research methodology and methods employed in the case study. The case context is presented in Section Four. The central section (Section Five) of the paper is a narrative account based on the interview findings and document analysis. The final section discusses the findings from the case (Section Six).

Theoretical Perspectives

Organisational identity and organizational legitimacy theory are used to frame the findings of the case study. The study used an iterative, inductive approach to data analysis. As part of this process these theories emerged as the most insightful theories when analysing the data. Bansal and Roth (2000) suggest that integrated theoretical perspectives are needed when seeking to understand corporate responsiveness to sustainability. The following sub-section explains the concept of organizational identity and its influence on organizational action. The second sub-section explains the concept of legitimacy used to inform the case discussion and findings. The final sub-section discusses the links between organizational identity and internal legitimacy in the context of building legitimacy for a new practice.

Organisational Identity

The concept of organizational identity can mean many different things (Albert, Ashforth, & Dutton, 2000; Hogg & Terry, 2000; Moingeon & Ramanantsoa, 1997) and has been equated with organizational image and reputation, organizational culture and organizational personality or character (Moingeon & Ramanantsoa, 1997; van Riel & Balmer, 1997). For the purpose of this paper we draw on the concept of organizational identity as what organizational members collectively perceive, think and feel about their organization (Hatch & Schultz, 1997, p.357). One of the most commonly cited definitions of organization identity suggests that it involves organizational members' beliefs about their organization's central, distinctive and enduring characteristics (Albert & Whetten, 1985). This conception of organizational identity as a collective construct is also reflected in Hatch and Schultz's (1997) definition of organizational identity as a collective, commonly shared understanding of an organization's distinctive values and characteristics. Ashford and Mael's (1989, p.27) definition of organizational identity as "a shared understanding of the central, distinctive, and enduring character or essence of the organization among its members" also focus on the organizational members' collective perception of their organization. Thus, for the purpose of this paper organizational identity is conceived of as the interviewees shared perceptions of Musgrave's distinctive and enduring characteristics.

Dutton and Dukerich (1991) suggest that organizational identity is central to understanding actions on and interpretations of an issue over time. Issues can arise from both changes within an organization, such as employee strike action, or externally based changes such as a demographic trend or a supply shortage (Dutton & Dukerich, 1991). We use the concept of organizational identity to provide insight into the company's motivation for engaging with sustainability issues. In conjunction with the concept of organizational

identity, the concept of internal organizational legitimacy is also used to provide insight into the evolution and integration of the sustainability process.

Organizational Legitimacy

The literature on organizational legitimacy has focused almost exclusively on externally sourced legitimacy for an individual organisation or a class of organizations (Kostova & Zaheer, 1999; Kumar & Das, 2007). The most frequently cited definitions of organizational legitimacy suggest that it involves an organization adhering to the values, norms, rules and meanings of the *society* in which it operates and that its actions are perceived as appropriate and proper (Deephouse & Carter, 2005; Lindblom, 1994; Suchman, 1995). However, the role of internal audiences in conferring legitimacy has also been recognised (Elsbach & Sutton, 1992; Human & Provan, 2000; Kostova & Zaheer, 1999; Kumar & Das, 2007; Lu & Xu, 2006; Schaefer, 2007).

Internal organizational members such as employees, managers, and directors make legitimacy evaluations that will effect their own level of commitment to an activity (Elsbach, 1994; Ruef & Scott, 1998, p.880). Organizational members commitment to an activity is seen as crucial in embedding the activity within the organization and developing routinized processes which contribute to the temporal stability of the activity (Basu & Palazzo, 2008). Not all constituents assessment's of legitimacy are of equal importance and unanimous support from all constituent is not necessary for a practice to gain legitimacy (Kumar & Das, 2007; Ruef & Scott, 1998). Weaver et al (1999) and Schaefer (2007) highlight the role of management commitment in the integration of CSR practices, suggesting that managers hold important or even primary responsibility for the integration of responsible corporate processes into organizations' everyday activities. However, there is a paucity of empirical

research examining strategies for developing the legitimacy of CSR practices with internal organizational members leading to the integration of the practices into the day to day running of the business (Weaver et al., 1999).

This paper draws on Suchman's (1995) typology of legitimacy to provide insight into how the sustainability process has gained legitimacy with an internal audience, in particular the managers and directors of Musgrave which has led to the (imperfect) integration of the process into the company's everyday activities and decision making process. In this model three types of legitimacy are defined; pragmatic, moral and cognitive

Pragmatic legitimacy is concerned with the self interest of the relevant audience. At its most basic level pragmatic legitimacy is a sort of exchange legitimacy based on the perceived practice benefits or value of the practice to a set of constituents (Kumar & Das, 2007; Suchman, 1995). Moral legitimacy centres on judgements about whether an activity is the right thing to do (Brinkerhoff, 2005; Suchman, 1995). Unlike pragmatic legitimacy which is based on the value or benefit of a particular practice to the evaluator, moral legitimacy is based on a normative evaluation of the practice. For example is the practice perceived by key constituents as "doing things right" by achieving valued and desired results (Brinkerhoff, 2005, p.3) or following socially valued, validated or mandated practices "doing things the right way" (Brinkerhoff, 2005; Suchman, 1995).

Cognitive legitimacy derives from the practice "making sense" to the audience (Brinkerhoff, 2005, p.4). There are two variants of cognitive legitimacy: comprehensibility and taken-for-grantedness. Comprehensibility legitimacy stems from the availability of a cultural framework that provide a plausible explanation for the existences of the practice and

it's outcomes (Brinkerhoff, 2005; Suchman, 1995). To gain this type of legitimacy a practice must accord with both a larger belief system and with the experienced reality of the audience's daily life (Suchman, 1995, p.582). Taken-for-granted legitimacy means that for things to be otherwise is seen as literally unthinkable. The practice is seen as a "fact of life" (Brinkerhoff, 2005, citing Zucker 1991, p. 86). This is the most subtle, most powerful and most difficult to achieve form of legitimacy (Suchman, 1995, p.583).

In practice there are "fuzzy boundaries" (Brinkerhoff, 2005, p.10) between the three types of legitimacy. While analytical distinction can be made between each type, in most real world settings they co-exist (Suchman, 1995, p.584). Further, although all three types are often mutually reinforcing, they may also come into conflict. For example, appeals to constituents' self-interest can negate moral claims (Suchman, 1995). There is also a relationship between the ease with which a particular form of legitimacy is attained and its longevity. While pragmatic legitimacy can be the easiest form of legitimacy to attain, it is the least durable due to its focus on short term material incentives and its vulnerability to changes in the perceptions of key constituents (Kumar & Das, 2007). As cognitive legitimacy is the most difficult to achieve it is also the most durable.

Organizational Identity and the Legitimation of New Practice

New practices often face a deficit of legitimacy, this "liability of newness" (Aldrich & Fiol, 1994, p.663) is particularly acute where the practice has few precedents, its objectives are unconventional or contested, and the technologies being used or the outcomes of the practice are uncertain or risky (Aldrich & Fiol, 1994; Golant & Sillince, 2007; Suchman, 1995). During the early stages of the development of a new practice the focus is likely to be on building the moral and pragmatic legitimacy of the practice at a local level through

accounts of how the practice addresses the immediate needs of local constituents (Johnson, Timothy, & Ridgeway, 2006). These accounts must also link the practice to the existing widely accepted cultural framework of beliefs, values and norms (Johnson et al., 2006, p.60). Cognitive legitimacy can also be pursued through the use of narratives which increase the comprehensibility of a practice and link the practice to more widely established sets of activities (Aldrich & Fiol, 1994; Golant & Sillince, 2007; Suchman, 1995).

We suggest that organisational identity can be seen as one component of the framework of beliefs, values and norms which internal organizational members use to evaluate the legitimacy of new practices. The values and characteristics of the organization can form part of the criteria against which organizational members assess the value and desirability of the outcome of a practice (moral legitimacy). Organizational identity can also influence members' perception of whether a new practice makes sense (cognitive legitimacy) in light of the characteristics and values of the organization. Proponents of a practice can use narratives encompassing accounts of the perceived values and characteristics of the organization to develop the legitimacy of a new practice, particularly moral and cognitive legitimacy. Such accounts can be used to develop the moral legitimacy of a new practice by emphasising to members that this new practice is the 'right thing to do' given their collective perception of the character of the organization. Cognitive legitimacy can also be developed by using these accounts to provide explanations of how the practice makes sense because of 'who we are' as an organization.

Research Method

The methodology for the study was based on a nascent theory approach. This entailed an open ended inquiry with the objective of obtaining rich, detailed and evocative data to

provide insight into the sustainability process at Musgrave. Edmonson and McManus (2007) suggest that this approach is appropriate when a project involves open-ended research questions in relation to understanding how a process unfolds. This methodology involved an iterative approach to research design, data collection and analysis, and developing the theoretical grounding for the study.

Data Collection

The primary data source for the study was the semi-structured interviews carried out with key participants in Musgrave's sustainability management and reporting process. Six interviews were carried out. The interviewees included the Group Environmental Executive³; an external environmental consultant who had worked extensively with the company since the early stages of the process; the now retired Group Managing Director who had been in office during the inception of the process; two of the Environmental Action Team (EAT) leaders; and the divisional director who was originally responsible for the process. The Environmental Executive was appointed in 2003. The role of the EAT is to set out the environmental and social projects for its division. The team then manages these projects throughout the year and evaluates progress at their meetings. Each of the teams report to their respective division boards. The Environmental Executive's role includes supervising the EATs, co-ordinating work between the company's divisions, developing policy and publishing the sustainability reports, and reporting to the group board. An interview guide (Patton, 2002) consisting of a number of broad, open-ended questions was used to elicit the interviewee's perception of the motivation for, and their experience of the sustainability process. The duration of the interviews ranged from 45 to 120 minutes. All of the interviews were recorded and subsequently transcribed.

³ Referred to as the Environmental Executive

In addition to the interviews, the case description draws on a number of documents including: the standalone sustainability reports (five reports, published between 2001 and 2008); the annual financial reports published during the same period; the social and environmental policies; the company's mission statement; and documents from internal meetings.

Data Analysis

Data analysis was treated as a pervasive activity throughout the life of the study (Coffey & Atkinson, 1996; O'Dwyer, 2004) rather than a separate stage of the project. After each interview was conducted an initial analysis was carried out by listening to the recordings and rereading the interview notes. This initial analysis then informed further data collection by identifying gaps in the information, and emerging issues to be explored (Coffey & Atkinson, 1996; Silverman, 2006). Field notes were kept throughout the project. The interview transcripts were manually coded and analysed to identify significant themes within the data. As each transcript was coded, the field notes relating to that particular interview were reread for any information that might be pertinent to the coding process.

Data interpretation broadly followed the three stages suggested by Coffey and Atkinson (1996); data display, exploring the codes and categories, and transforming the coded data into meaningful data. All data that relate to a particular code was gathered together, by physically cutting up copies of the transcripts. Simple cognitive maps were produced for each interview. The codes were then linked to broader categories, split into subcategories or renamed and re-sorted as appropriate. Detailed notes were made throughout the data analysis and interpretation process to record thoughts and ideas about the data and its

impact on the research questions. Themes, patterns and regularities as well as contrasts, paradoxes and contradictions within the data were noted. Using these notes, the transcripts, the company documents, the field notes and the cognitive maps, a narrative account was generated with the aim of providing a thick description (Denzin, 1994; Patton, 2002) of the chronological development of the sustainability process at Musgrave. As part of this process any quotes that seemed insightful or illuminating were highlighted.

Case Context

Musgrave is involved in two primary activities: a wholesale food business and franchised supermarkets, with operations in the Republic of Ireland, Northern Ireland, Britain and Spain. In 2008 the group's turnover was €4.8 billion. Each of the division have their own board and there is an overall group board. Approximately 75% of the shares are held by the Musgrave family. Family members are not involved in the day-to-day running of the company, but three family members sit on the group board. Family companies can be defined using a number of characteristics, Smith (2007) suggest three broad criteria for identifying family companies: firstly a self selection criteria where members of the company perceive their firm as being a family company; secondly where a controlling stake in the company is owned by a single family; and thirdly where a company's managers are drawn from a single dominant family group. We suggest that Musgrave meet the first two criteria for categorisation as a family firm

While family owned firms represent the dominant form of economic entity globally, little is known about influence of different forms of ownership on managerial attitudes to sustainability issues and reporting (Adams & McNicholas, 2007). For the purpose of this paper we consider the influence of family ownership on the participants' construction of the

company's identity. We examine the role of family ownership as a significant component of the interviewees' perception of what is distinctive and unique about their company, while accepting that these perceptions may not reflect actual differences between Musgrave and other companies within the industry.

Case Discussion

The following section presents and analyses the case finding using the organizational identity and internal legitimacy perspectives discussed earlier. The narrative follows the chronological evolution of the process, in so far as is possible, while also presenting a coherent analysis of the findings.

The Catalyst - Waste Management

The company's engagement with sustainability issues dates back to the late 1990s and started in the Irish franchise division. Rising waste disposal costs were perceived by the interviewees as the trigger for the company to start considering its environmental impacts. The issue of waste management was perceived collectively as having consequence to the company (Dutton & Dukerich, 1991, p.518) particularly in terms of cost and also in terms of environmental risk management. In the mid nineties, prompted mainly by EU legislation, waste management and disposal was becoming a focus of the Irish government (Wynn, 2003). Significant amounts of new legislation was being prepared in the area, this meant that the company and its franchisees were facing increasing waste disposal and compliance costs.

Initial Challenges

The first Environmental Action Team (EAT) was established in the franchise division in 1998 and focused on environmental impact management - particularly waste management.

Initially there was little support for the process within the division. “When we installed our EAT team here, nobody wanted to go on it. I mean it just did not interest anyone. No body turned up for it, for lots of meetings” (R6). As well as the difficulty with staffing the new EAT, there was also concern among the group board of directors about how the process was going to develop, and uncertainty about what the outcomes would be. “I think the biggest concern was just to try and understand where it was all going to lead to. Where are we going?” (R3).

Building Pragmatic and Moral Legitimacy

Pragmatic legitimacy for the process was initially (and continues to be) built by emphasising the ‘business’ benefits to the company of engaging in sustainability practices. In particular the significant cost savings provided by the waste management system were highlighted by all of the interviewees. Despite the initial uncertainty about the development and benefits of the sustainability process, the interviewees perceived the process as having rapidly produced significant benefits for the company. There were “a lot of easy wins” (R2) particularly in the form of cost savings and risk management opportunities. In the first year of implementing a waste management system in just one of it’s distribution centres the company saved IR£100,000.

The moral legitimacy of the process seems initially to have been developed through a strategy of ‘doing things right’. As well as putting the internal structure of the EAT in place, the company made extensive use of services of two experienced environmental consultants, who continue to work with the company to the present day. Engaging external consultants was a means to develop the process’ procedural legitimacy with the existing internal audience, as using an external expert to guide a company through the establishment of a new

process is a well established procedure. It was also an opportunity to co-opt a support audience for the process, who given their expert status, would be credible to key internal audiences.

The Musgrave family were also perceived as having been supportive of, but not actively involved in, the sustainability process right from the start. As the company's most powerful and influential stakeholders this represented an important source of legitimacy for the process. Their support for the process was particularly important in gaining legitimacy for the process among the company's directors and senior management "...the family pushed it originally through the (group) board." (R2)

Organisational Identity as Motivation

While the issue of waste management triggered the company's consideration of sustainability issues the company's identity was an important element in its recognition of the issue of sustainability, its motivation for engaging in sustainability practices and reporting and the process of gaining legitimacy for the practice. Five attributes summarised the interviewees' perception of the distinctive characteristics of the company. First, all the interviewees perceived the company as having a strong set of values which were derived from the Musgrave family. Second, the company was seen as having a long history of responsible behaviour. Third, the company was seen as being committed to the communities it operated in. Fourth, the company was seen as taking a long term view when making decisions. Finally the company was seen as being a pro-active, innovative organisation. This section focuses on the role of the company's identity in the recognition of the issue of sustainability and the motivation for engaging in sustainability practices and reporting.

While there was acknowledgment that “Musgrave is a tough business, we’re in a tough environment” (R1) and that waste costs were a trigger for considering environmental issues, when the interviewees reflected on what originally motivated the company to engage in a sustainability process they focused on what they referred to as the company’s values and culture rather than the initial benefits of the process. “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”(R3). All of the interviewees perceived Musgrave as an open and honest company with a strong set of values. The Musgrave family’s own values were seen by the interviewees as the foundation of these values ‘I think it (the values) obviously, I think, originates from the Musgrave family’ (R3). The company was also perceived as being a proactive company which took the long term view when making decisions. The company’s ability to make long term decisions was seen as key to its success and this ability was also attributed to its status as a family owned company.

The company had gone through a period of rapid growth in the nineties in Ireland and had made a large acquisition in the UK. This expansion was seen as a threat to the salience of the company’s identity “the values were left behind to a certain degree” (R4). The sustainability process was seen both as an extension of the company’s existing behaviour and also as a way for the company to “live” its values. As the process developed it was perceived as helping to reinvigorate the company’s culture and values, and demonstrating to employees, the Musgrave family and the wider community that Musgrave lived by its values.

In 2001, the company published its first standalone environmental report for the year 2000. Reporting was seen as a logical next step, part of “doing things right” in relation to the sustainability process was to produce a standalone report. Reporting was perceived by the

interviewees as a way for the company to actually track and improve its performance in the area "... we then felt that the only way we could truly measure how we were performing was to communicate and to report in a transparent way" (R1). The report was also perceived as a mechanism for communicating the company's identity to internal constituents and a means to maintain and improve the company external image. The report was seen as a way of helping "to communicate what the business was about" it was "another step in terms of how Musgrave wanted to be perceived in the wider community" (R3).

The company's identity is a key factor in understanding the company's motivation for engaging in an (initially) environmentally focused sustainability process. Given the members perception of the distinctive characteristics of the business engaging in environmental management seemed desirable, proper and appropriate. The company's identity formed part of a framework which provided a plausible explanation for the company's decision to become involved with environmental issues. Thus the decision to become involved in the process "made sense" and was perceived as a cognitively legitimate decision. The process also seemed to offer a mechanism to strengthen and consolidate the company's identity. However, the CSR process itself still needed to gain greater pragmatic, moral and cognitive legitimacy before it would start to be integrated into the company.

Developing Legitimacy and Integration

As the sustainability process evolved and expanded, the legitimacy of the process continued to be pursued through; the continued development of procedures and structures; the formalisation and certification of the process; the co-option of credible supporters of the process; and the linking of the process to the existing hierarchical structures within the business. The company continued with its waste management programme and began to

expand its environmental programmes in the late 1990s. In 1999 the company published its first Environmental Charter. Transport and energy management systems were developed and systems to set targets for and monitor environmental performance particularly in relation to waste and energy management systems were established.

In 2003, at the suggestion of the external environmental consultant the company appointed a Group Environmental Executive. The external consultant felt that “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.” The Environmental Executive’s role includes supervising the EATs, co-ordinating work between the company’s divisions, developing policy and publishing the sustainability reports, and reporting to the group board. Shortly after his appointment the Environmental Executive established EATs in three of the other four Musgrave divisions. At the same time the reporting and responsibility for the process moved up from the original division board to the group board. The very act of appointing an Environmental Executive developed the cognitive and moral legitimacy of the process through the formalisation of the management structure for the process and the strengthening of the process’ link to the group board. Both of the managers involved in leading the EATs saw this as a significant step in moving the process forward, helping to coordinate work across the divisions and leading to faster decision making.

With the appointment of the Environmental Executive, the company’s reports and policies began to expand beyond environmental issues and started to include social issues such as community involvement and ethical trading. While many of these social initiatives actually pre-dated the company’s involvement with environmental issue, this area seemed to suffer from a deficit of pragmatic (exchange) type legitimacy. The pragmatic benefits of these

social initiatives to the company were less obvious to the interviewees as they focused on the cost benefits from the environmental practice when discussing the advantages of the sustainability process. Rather these social initiatives seem to have taken for granted legitimacy, and were perceived as something the company had always done.

When the company published its original report in 2001 it won the first of Musgrave's four ACCA awards for sustainability reporting. Both the procedural and cognitive legitimacy of the reports and the reporting process were pursued through the development of an increasingly sophisticated reporting system and reports which were compiled using external standards (GRI) and were externally verified. While enhancing the company's external image may have been a factor in deciding to produce the original report the interviewees perceived the reports as "honest", "truthful", "substantive" and "accurate" documents that reflected the company's genuine commitment to social and environmental issues and were not just an image enhancement exercise. In fact initially the direct external feedback on the reports was disappointing. The early reports met a "wall of silence" (R2). Despite the lack of direct feedback on the reports to support their claims, several of the interviewees sought to demonstrate the pragmatic legitimacy of the reports by emphasising the benefits of the report in managing key external audiences. However, this positive perception of the reports was not universal. One of most senior members of the company had a very critical view of the value of both the reports and the awards. The reports and their role in image management seem to conflict with the moral legitimacy of the actual practices behind the report. For this interviewee the value of the process was not in the reports or awards but in the company genuinely engaging in social and environmental projects. ".....these reports are worthless. Absolutely valueless.... If the original passion behind it isn't genuine." (R6)

At the time of our interviews (2007) a debate was developing internally about the purpose and benefits of the sustainability reports. The pragmatic (exchange type) legitimacy of the reports was being questioned. While the reports were generally seen as helping to manage the company's external reputation, in one area, consumer communication, they were perceived as failing to deliver significant benefits to the business. Again the pursuit of the pragmatic legitimacy of the reports was seen as potentially undermining the moral legitimacy of the practice. While this perceived lack of consumer recognition was leading to a re-evaluation of the way the company was reporting and communicating sustainability information, there was also a reluctance to move away from the current method of reporting and an awareness of the need to maintain the practice behind the reporting. While accepting the need to improve communication with the consumer, there was resistance to "telling nice little good new stories without having the robustness behind that" (R1).

While the pragmatic legitimacy of the company's reports were being called into question, at the time of our interviews (2007) the company continued to develop its sustainability process. The sustainability practices were becoming integrated into daily activities and decision making processes. There was a "recognition that there is something else out there, another sort of consideration to be taken into account"(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. There was a perception that people from the top to the bottom of the organisation were "buying in" to the sustainability process. Ideas and initiatives were seen as coming directly from the group board. The process was also developing cognitive and moral legitimacy with the company's employees. The company had run numerous environmental training programmes for their staff, and this coupled with the rise in general public awareness of environmental issues was

seen as having changed the mindset of staff involved in the day to day running of the company, who were now perceived as being very enthusiastic about the process. However, the process was not yet seen as fully integrated into the company. One of the central participants in the process acknowledged that sustainability considerations were still not fully embedded in the decision making process through out the company. “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 consider the packaging.” (R1)

There were, and there continue, to be challenges and challengers to the process. Both the interviewees’ accounts and the sustainability reports (in particular the 2001 and 2002 reports) illustrate that it was a difficult process for the company. While the appointment of the Environmental Executive was perceived as an important step forward, there still some resistance to the process. For example when the three new EATs were set up there was resistance to the process within the divisions. “I remember one of the very first meetings in X somebody saying well this policy is all well and good, but it doesn’t really apply up here.” (R1)

There were also still problems concerned staff time and gaining and maintaining peoples’ commitment to the EATs. All of the EAT members including the team leaders had other full time roles within the company. While staff time remained a persistent problem, funding for projects or budgetary constraints were not (at the times of our interviews in 2007) perceived as a significant problem for the process. The pragmatic legitimacy of the practices (rather than the reporting), based primarily on the substantial cost savings to the business, was now well established. Unsurprisingly this willingness to invest in projects was linked to the fact that the projects would generate environmental benefits and cost savings “when you

can demonstrate to them that something is cost effective and will make a difference there's no problem about investment in it". Emphasising the practical benefits of the sustainability process was perceived as very important in helping to convince the "doubters" within the company. "Approach (ing) this from a business perspective" (R1) and not being seen as a "just a green tree hugger" (R1) helped to bring legitimacy to both the process itself and people's roles within the process.

The Environmental Executive continued to play an important role in building the legitimacy of the process and trying to integrate the process through out the business. His 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". Getting the support of the division boards and management was seen as crucial in trying to get projects completed. In this area, the formalised policies and structures for the process were a source of legitimacy for the process. When dealing with challenges to the establishment of the EATs, he emphasised that this was now a group policy. "I was saying well, their policy is non negotiable really, it's a group policy, its how we as a business define the way we are going to do things."

Some of the interviewees did recognise that there were limitations to what the company could do in the area, due to issues including the extent of control or influence the company had over its franchisees and suppliers, commercial considerations like consumer demand for environmental friendly or fair trade products and the complex nature of some social and environmental issues. However, in general the perception was that this was a successful process which had resulted in considerable changes within the organisation in terms of the company's infrastructure, its operations management, and also the decision-

making and communication processes within the company. The interviewees perceived a growing awareness of environmental and social issues within the company and a greater incorporation of these considerations into the decision-making processes within the company.

Discussion and Conclusion

This paper aims to develop our understanding of the internal factors which motivate a company to engage with sustainability practices and reporting and the process through which such a practice gains legitimacy with key internal audiences and becomes integrated into the daily activities of the company. Drawing on the concepts of organizational identity the paper examines the company's internal motivations for engaging in sustainability reporting, and responds to Bebbington et al's (2009, p.355) request for a more sociologically informed analysis of the reporters' motivations. The paper also provides insight into the process through which sustainability practices and reporting gain legitimacy with internal audiences and can become integrated into the day to day activities and decision making processes of a company. In doing so the paper responds to Weaver et als (1999, p.550) call for a greater understanding of the ways in which the integration of corporate responsibility processes may occur.

The interviewees who came from different divisions and levels of management within the company all share a very similar perception of the distinctive and enduring characteristics of the company. They perceived Musgrave as: an open, honest, responsible, value driven company: a company with a long history of community involvement and ethical behaviour; a leader and pioneer in its industry; and a tough commercial operator. The characteristics of the company particularly the values of the company were seen as rooted in, and derived from its history and status as a family company. The interviewee accounts provide evidence of a

salient, stable, internally consistent and enduring organizational identity. While the issue of waste management triggered the company's consideration of sustainability issues, the extent of the company's engagement with sustainability issues goes far beyond what is required by current environmental legislation. Rather the interviewees' account emphasise the internal motivation for the process. The company's identity, the internal members' collective perceptions of their company's central, distinctive and enduring characteristics (Albert & Whetten, 1985; Ashforth & Mael, 1989; Hatch & Schultz, 1997) is a key factor in understanding the internal motivation for engaging in a sustainability process. The sustainability process was perceived as congruent with each aspect of the company's identity. The company's identity formed a key part of the framework which provided a plausible explanation for the company's decision to become involved with sustainability issues. The process "made sense" in terms of the company's values and history; provided an opportunity for the company to lead the way in its industry; and also offered the pragmatic benefits of significant cost savings for the company and its franchisees. The process also seemed to offer a mechanism to strengthen and consolidate the company's identity. The sustainability practices were seen as proof that Musgrave "lived" by its values and the reports offered a mechanism for communicating stories about the company's distinctive characteristics.

While Musgrave's identity provided legitimacy to the decision to become involved in sustainability process, the process itself still suffered from a "liability of newness" (Aldrich & Fiol, 1994) It was perceived as an unfamiliar area, and while the pragmatic benefits of the process soon became apparent, initially, there was uncertain as to what the outcomes of the process would be. A range of strategies were employed to gain greater pragmatic, moral and cognitive legitimacy with internal constituents in order for the process to become (imperfectly) integrated into the company. Strategies for developing the pragmatic legitimacy

with internal constituents centred on the cost savings. During the early stages of development the legitimisation strategies focused on building the moral and pragmatic legitimacy of the practice. At the time of our interviews the pragmatic benefits of the process still remained an important tool in convincing the “doubters” of the value of the sustainability process, however, the process had also begun to develop legitimacy through other strategies.

The development of procedures and structures for the sustainability practice has been an important part of the legitimacy process helping to develop both the moral and cognitive legitimacy of the process. The process has gained procedural (doing things right) legitimacy through the employment of external consultants, the establishment of the EATs, the appointment of the Environmental Executive and the establishment of policies and procedures for both the sustainability practices and reporting. Using the services of the external consultant and appointing the Environmental Executive provided an opportunity to co-opt a supportive audience for the process. The external consultants, given their expert status would have been credible to key internal constituents, and the Environmental Executive has built his credibility with key constituents, by emphasising his “business approach” to the process. His status within the company, as a senior executive reporting directly to the group board, also helped to establish his credibility. The development of the structures, procedures and policies for the process also helped to develop the cognitive legitimacy of the process through the formalisation of the process and through the linking of the EATs and Environmental Executive to the existing legitimate hierarchy within the company, the group and division boards.

External factors also helped to develop the internal legitimacy of the process. The growth in general public awareness of environmental and sustainability issues as the process

developed internally helped to provide a frame within which the sustainability process “made sense” and was seen as desirable and socially valued. The use of external standards and verification also helped to develop the moral and cognitive legitimacy of the process. This was particularly evident in the area of reporting, where the GRI guidelines were used to produce the reports, demonstrating that the reports were produced in the right way. The reports were also externally verified, again as part of the process of ‘doing things right’. As well as helping to develop the cognitive legitimacy of the process by gaining explicit external certification of the process, in using external reporting standards and having the reports externally audited, the process was mirroring the already cognitively legitimate process of producing an annual financial report. However, the legitimacy of the reports was subject to challenge. While the sustainability reports were part of a process of ‘doing things right’ and also were seen as broadly in the best interest of the company as they could enhance the external image of the company, their specific pragmatic benefits were being called in to question. The reports were failing to generate the desired benefits with the end consumer and this was calling in to question the method of reporting. However there was resistance to moving away from the established reporting structure, indicating that the process had established some procedural legitimacy.

The case also provides evidence to support Ruef and Scott’s (Ruef & Scott, 1998) suggestion that not all constituents’ assessments of legitimacy are of equal importance with some being more salient than others. In this case the perception that the senior management of the company and the Musgrave family saw the process as legitimate and were (even passively) supportive was particularly salient. While the family don’t seem to have become actively involved in promotion of the sustainability practice their initial support of the process at board level was seen as crucial to the establishment of the process. The perception

that the Musgrave family were continually supportive of the process lent the sustainability process moral legitimacy through association with the company's most powerful and influential stakeholders, and the source of its culture and values. The sustainability process and reports also provided a new point of interaction or exchange (Fry, 1995) for the senior managers and directors with the Musgrave family. The reports could be used to demonstrate that the management were upholding the company and family's reputation and were still cognisant of the family's (perceived) values when running the business. The directors and senior managers' support of the process became in turn a source of moral and cognitive legitimacy for the process. The process had become progressively more integrated with the existing hierarchical structures in the business (group and division boards) and this had helped to build the moral (procedural) legitimacy of the process and also cognitive legitimacy through association with these already legitimate structures. There was also a potential coercive power lent to the process when employees perceived (or were reminded) that the process was supported by senior managers and directors.

The internal integration had progressed significantly as the process gained internal legitimacy. The policies and structures were affecting the everyday activities of the company including transport management, warehouse and store operations, internal audit and performance management. The policies and structures were also affecting decisions within the business including building design, packaging design, and procurement. The personnel within the practice, particularly the Environmental Executive, had regular interaction with other departments and the senior management and directors of the company. However, the process was not yet seen as fully integrated into the company. There continued to be challenges to the legitimacy of aspects of the process, such as the reports, from internal constituents. Building the legitimacy of the sustainability practice was an ongoing process.

While the practice had gained a certain level of pragmatic, moral and cognitive (comprehensibility type) legitimacy, the most durable type of cognitive (taken-for-granted type) legitimacy remained illusive.

The paper's primary limitation is that it is based on one company in a specific context. Musgrave is a long established family owned company. The Musgrave family are no longer involved in the day-to-day running of the company, but the company's identity has been influenced by generations of family ownership. It is in this context that the legitimation strategies for the process have operated. Further research in other contexts is needed to develop our understanding of the robustness of these processes.

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