

Impact case study (REF3b)

<p>Institution: Royal Holloway, University of London</p>
<p>Unit of Assessment: C19 - Business & Management Studies</p>
<p>Title of case study: Embedding Sustainability into Management Decision-Making</p>
<p>1. Summary of the impact (indicative maximum 100 words)</p> <p>Collaborative research into sustainability management has led directly to enhanced embedding of sustainability considerations nationally and internationally in an individual company and professional organisations. The research has positively impacted the embedding of sustainability in decision-making within a supply chain of Sainsbury's. It has informed the practices and policies of professional accountancy bodies (such as ACCA for their small and medium sized accounting practitioner membership) and international bodies developing sustainability accounting guidelines (such as the International Integrated Reporting Council (IIRC)). The portfolio of research has led to the development of resources that have enhanced professional practice and understanding in decision-making and managing for sustainability.</p>
<p>2. Underpinning research (indicative maximum 500 words)</p> <p>The School of Management has a long-standing record of research into a range of aspects of sustainability management. Underpinning the impacts presented here is research undertaken by the following members of the Centre for Research into Sustainability: Unerman (Professor of Accounting and Corporate Accountability, at Royal Holloway from 2005 to 2009, and again from 2011 onwards); Spence (Professor of Business Ethics, at Royal Holloway since 2008); O'Dwyer (Professor of Accounting, since 2006), Agyemang (Senior Lecturer in Accounting, since 2005) and Rinaldi (Lecturer in Accounting, since 2006). Underpinning research has examined:</p> <ul style="list-style-type: none"> • <i>The roles that accounting policies and practices do and can play in embedding sustainability into decisions taken at all levels of management.</i> Spence and Rinaldi completed case study research (between 2009 and 2012) on the role of accounting in embedding sustainability considerations into decision-making in the lamb supply chain at Sainsbury's (publication 4). Governmentality theory enabled the explication of the fine-grained processes of influence and control inherent in the practical endeavour to embed sustainability in organizational decision-making and extend it through the lamb supply chain. This built on an earlier case study on Waitrose (for which Spence completed the empirical work and analysis before joining Royal Holloway), in which a new conceptualization of supply chain responsibility was presented, taking into account the SME supplier perspective and a partnership approach (publication 3, published after Spence joined Royal Holloway). • <i>The legitimacy of, and motivations underlying, corporate social and environmental reporting/disclosure practices.</i> For example, from 2007 to 2010 O'Dwyer and Unerman (with Owen from Nottingham University) undertook research examining aspects of how sustainability assurance has gained legitimacy (publication 2). This research developed legitimacy theory within sustainability accounting research, and used this theoretical framework to explain processes of organizational accountability and their relation to sustainability policies, practices and impacts. • <i>The case for regulation of corporate social responsibility and accountability.</i> For example, Unerman and O'Dwyer in 2007 theorized the role that business case reasoning could play in the acceptance of greater regulation of Corporate Social Responsibility (CSR) and

Impact case study (REF3b)

accountability practices (publication 5).

- *Sustainability management suitable for small and medium sized enterprises*. For example, between 2011 and 2013 Spence (with Swiss partners Baumann-Pauly, Wickert & Scherer – publication 1) developed a theoretical framework for understanding CSR implementation in the context of differing cost structures for large and small firms. Building on this theoretical work, Spence, Agyemang and Rinaldi in 2011 and 2012 undertook practice orientated research on the role that SME accounting practitioners may have as sustainability advisors for their SME clients, published as a professional report for ACCA (source 5).

3. References to the research (indicative maximum of six references)

1. Baumann-Pauly, D., Wickert, C., Spence, L. and Scherer, A. (2013) Organizing Corporate Social Responsibility in Small and Large Firms: Size Matters, *Journal of Business Ethics*. DOI 10.1007/s10551-013-1827-7.
2. O'Dwyer, B., Owen, D. and Unerman, J. (2011), 'Seeking legitimacy for new assurance forms: The case of assurance on sustainability reporting' *Accounting, Organizations and Society*, 36(1), pp. 31-52.
3. Spence, L. and Bourlakis, M. (2009) 'From CSR to SCR: The evolution of Supply Chain Responsibility: The Case of Waitrose', *Supply Chain Management: An International Journal*. 14(4), 291-302.
4. Spence, L.J. and Rinaldi, L. (2012) Governmentality in Accounting and Accountability: A case study of embedding sustainability in a supply chain, *Accounting, Organizations and Society*. DOI 10.1016/j.aos.2012.03.003.
5. Unerman, J. and O'Dwyer, B. (2007), 'The business case for regulation of corporate social responsibility and accountability', *Accounting Forum*, Vol 31, No 4, pp. 332-353.

The following grant funded some of the research: Association for Certified Chartered Accountants £20,000. Environmental Aspects of Sustainability, SMEs and the Role of the Accountant. Spence, Agyemang and Rinaldi. Awarded March 2011.

4. Details of the impact (indicative maximum 750 words)

In 2011, Spence and Rinaldi's research fed into direct contributions to developing Sainsbury's supply chain sustainability management practices (source 1). Sainsbury's used insights from this research - including highlighting the different approaches to, and interpretations of, sustainability throughout the supply chain - to enhance learning and understanding about sustainability management at all levels of the company, up to the CEO, and implemented this into their own practices and through their supply chain. Sainsbury's Director of Brand notes:

"I think what [this] gave us was the confidence to approach what we would see as very complicated supply chain work. In breaking it down into manageable chunks in a very analytical and scientific way and that was very valuable to our understanding and consequently the changes that we have made to improve those supply chains and make them more sustainable".

Research into sustainability management led to an invitation in January 2009 from The Prince's Accounting for Sustainability Project (A4S) for Unerman to co-lead (along with the late Professor Anthony Hopwood and the Executive Chairman from PWC) a series of practitioner-oriented case studies to guide organisations in developing and implementing policies and practices to help embed sustainability considerations into decision-making at all levels. The resulting book (source 7) has been used as a resource across a range of professional and commercial organizations to help enhance understandings among their staff of the significant role that innovative accounting for sustainability mechanisms can and do play in identifying and realizing sustainability-related

Impact case study (REF3b)

opportunities and identifying and reducing sustainability-related risks (sources 2 and 7):

“Insights from the research ... provided valuable learning both in terms of next steps for A4S’s work to develop practical approaches to accounting for sustainability and to organisations seeking to learn....” Executive Chairman, A4S (source 2).

The research by Spence and Rinaldi at Sainsbury’s also informed A4S’s approach:

“The case provided important insights in particular around use of language, context for achieving action and the role of different actors within the supply chain which have informed subsequent A4S research and continue to be some of the most important areas where greater insight and action is needed. Most significantly, the research has provided a vital input to frame A4S’s work to establish the International Integrated Reporting Council (IIRC) and develop an international integrated reporting framework. This work is having a significant impact globally to change corporate reporting so that ‘mainstream’ reporting brings together material information about an organization’s strategy, governance, performance and prospects in a way that reflects the commercial, social and environmental context within which it operates.” Executive Chairman, A4S (source 2).

Professional accounting bodies, leading companies and public sector organizations are investing considerable resources into developing sustainability accounting practices and guidelines. Spence, Agyemang and Rinaldi’s 2012 analysis of SMP-SME relationships (source 6) has been incorporated into policy making by the commissioning professional body (ACCA), who have stated that the research:

“had a genuine impact on our understanding of our members’ willingness, confidence and level of skills in this area, and therefore an important basis from which ACCA, and other professional bodies, can start to address this more actively in the future.” (source 5)

The report’s findings form the basis of ACCA’s policy and practitioner recommendations for Embedding Sustainability in SMEs (source 9).

The research has also contributed to changes in policies affecting the accounting profession, and by extension accounting practices in business organizations globally, through its initial influence on the development of integrated reporting. This is noted by the Executive Chairman of A4S who is also a member of the IIRC Board (source 2). The IIRC is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs that is developing global integrated reporting guidelines. Insights from the research were one input informing A4S’s work to launch and shape the IIRC (source 2).

The SME-related research led to the development of a tool to help SMEs embed sustainability considerations into decision making (source 3) along with the ACCA report (source 6) that has made a difference to recommendations made by intermediaries (such as the Network for Business Sustainability (NBS) and ACCA) seeking to promote sustainability (sources 3, 4, 9).

“The Primer has been disseminated to our 3,000 subscribers from industry and academia; viewed and shared by NBS’s 1,400 Twitter followers; and viewed more than 645 times on our website. The Primer has also been featured in the Guardian; Living Planet @ Work, the newsletter for World Wildlife Fund Canada; and Sustainability Learning Centre, a Canadian management training program in sustainability.” Managing Director, NBS.

The report on research on SMEs (source 6) includes recommendations for both small and medium sized accounting practitioners and the accounting profession. The report has been widely discussed within ACCA (source 5), and has been presented to the Global SME Forum and the International Federation of Accountants. The research has been recommended as a resource through other practitioner publications such as the European Commission’s *CSR Handbook for Small Business Advisors* and ACCA’s *Embedding Sustainability in SMEs* (source 8, 9).

5. Sources to corroborate the impact (indicative maximum of 10 references)

1. Video testimonial, from Head of Brand at J. Sainsbury PLC., a participant in the process of impact delivery (see <http://www.youtube.com/watch?v=wPL9yLLz7Cg>) referring to the *Accounting for Sustainability: Practical Insights* research. This source corroborates the application of insights arising from research by Spence and Rinaldi to the development of Sainsbury's supply chain sustainability management practices.
2. Testimonial from Executive Chairman A4S, a participant in the process of impact delivery. This source corroborates the importance of the contribution made by Royal Holloway staff to the A4S project, particularly the framing of A4S's work to establish the IIRC, and its subsequent impact on global corporate practice.
3. 'Primer: Business Sustainability for SMEs' published by the NBS. This source corroborates the development of the primer tool and its publication by the Network for Business Sustainability (NBS) Available here: <http://nbs.net/knowledge/primer-business-sustainability-for-smes/>
4. Letter of endorsement from the Managing Director of the NBS. This source further corroborates Prof Spence's contribution to the Network for Business Sustainability (NBS) and confirms dissemination of the primer tool.
5. A testimonial from the Head of SME Policy at ACCA, who is a participant in the process of impact delivery. This source corroborates how the research undertaken by Royal Holloway staff has impacted on the work of ACCA and the accountancy profession more generally.
6. Spence, L.J., Agyemang, G. And Rinaldi, L. (2012) *Environmental Aspects of Sustainability: SMEs and the Role of the Accountant*. Association of Chartered Certified Accountants, London. This source corroborates the findings of the research undertaken on behalf of the ACCA and subsequent recommendations made for small and medium sized accounting practitioners. <http://www.accaglobal.com/content/dam/acca/global/PDF-technical/small-business/rr-128-001.pdf>
7. Corroboration of the practical impact of 'Accounting for Sustainability: Practical Insights', Earthscan, 2010, from a number of business and professional body Chief Executives, such as: J Sainsbury plc; Chartered Institute of Management Accountants; Association of Chartered Certified Accountants; Institute of Chartered Accountants in England and Wales, Chartered Institute of Public Finance and Accountancy and the BT Group plc Chairman. (See 'reviews' tab at: http://www.nhbs.com/accounting_for_sustainability_tefno_174343.html)
8. European Commission: CSR Handbook for Small Business Advisors, 'Environmental Aspects of Sustainability: SMEs and the Role of the Accountant' report is recommended for Developing a CSR Roadmap for SMEs. This source corroborates the referencing of Spence, Agyemang & Rinaldi's ACCA report (source 6) in a European Commission accounting practitioner publication. Available from http://ec.europa.eu/enterprise/policies/sustainable-business/files/csr-sme/tips-tricks-csr-sme-advisors_en.pdf
9. Report on 'Embedding Sustainability in SMEs' (2012) by ACCA presented to the ACCA Global Forum for SMEs, draws extensively on 'Environmental Aspects of Sustainability: SMEs and the Role of the Accountant' report. This source corroborates the direct influence of source 6 in the development of the ACCA's policy on sustainability and SMEs through the work of the ACCA Global Forum for SMEs. Available from: <http://www.accaglobal.com/content/dam/acca/global/PDF-technical/pol-tp-esis-v1.pdf>