CSR DISCLOSURE: DO CEOS MATTER? INSIGHTS FROM THE UPPER ECHELONS THEORY
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The current empirical study contributes to the existing literature on the drivers of CSR disclosure by focusing on the values and perceptions of the company’s Chief Executive Officer (CEO). We consider the decision to disclose CSR information as a strategic decision and apply insights from the strategic management literature. The upper echelons theory (Hambrick & Mason, 1984) explains how strategic decision making is influenced by managers’ values and perceptions. We hypothesize that CEOs’ perceived importance of CSR is positively associated with the probability of CSR disclosure and analyse whether CEOs’ ethical values (idealism and relativism) relate to their perceived importance of CSR and thus whether these values are indirectly associated with the disclosure of CSR information. Data necessary to perform the empirical investigation were collected from three different types of sources and combined into a self-created database (n=128). First, data concerning CEOs’ ethical values and perceptions of CSR were collected through an online survey research, distributed to CEOs of medium-sized (>100 employees) Belgian companies (response rate = 21.5%). Second, data relating to the dependent variable CSR disclosure were collected by analysing the websites of the companies that participated in the survey. Finally, control variables such as size and industry were gathered from a commercial database (Bureau van Dijk). In sum, we find that CSR disclosure is directly related to CEOs’ perceptions of CSR (p<0.05) and indirectly to their degree of idealism (p<0.001). These insights aid in our understanding of the drivers of CSR disclosure and might therefore contribute to the development of CSR disclosure. [Reference: Hambrick, D.C., & Mason, P.A. (1984). Upper echelons: The organization as a reflection of its top managers. Academy of Management Review, 9(2), 193-206].

INTELLECTUAL CAPITAL REPORTING FOR THE DOW JONES SUSTAINABILITY INDEX (DJSI)
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Purpose - The present contribution addresses the implementation of an integrated management control system which aims to combine the company’s intangible resources, known in literature as Intellectual Capital, with long-term sustainability factors. The study concerns a company operating within the Electronics and Defence field which has developed an Intellectual Capital report in order to manage sustainability projects and meet the stringent criteria required for inclusion in the Dow Jones Sustainability Index (DJSI). Design/Methodology/Approach – The qualitative research approach underlying the investigation is Interpretivism; more specifically, the study was conducted in the light of “action research” (Jönsson-Lukka, 2005; Suomala, 2009). Data were gathered by in-depth interviews with managers as well as from group discussions. A framework aiming at fostering a sustainable management strategy was elaborated and successfully applied to a series of specific corporate initiatives that will be implemented by the end of 2013. Each single project set up by the company was subject to measurement, evaluation and reporting through the Intellectual Capital lens. Findings – The research suggests that the adoption of an integrated management control system, providing a link between intangible assets and capabilities that create value within a sustainability framework, not only provides an effective support to general management but it could be reasonably assumed to have a positive impact on the assessment process companies are subject to for inclusion in the Index. Research limitations – A single case study limits the generalizing of any of the outlined findings. Keywords: Corporate Sustainability, Intellectual Capital, Dow Jones Sustainability Index, Integrated Management Control System.
DOES THE CHOICE OF CSR PERFORMANCE RATINGS PROVIDER MATTER?
INVESTIGATING THE USE OF ASSET4, MSCI ESG AND SUSTAINALYTICS MEASURES IN CSR ACCOUNTING RESEARCH

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During the last decade, business scholars performing large-sample empirical studies of CSR reporting have often utilized externally generated ratings of corporate social performance in their research (e.g., Cho & Patten, 2007; Cho et al., 2010; Dhaliwal et al., 2011). These CSR ratings are produced by private firms specialized in evaluating the corporate governance, environmental and social performance of publicly-traded corporations. As the demand for CSR information increased, the number of information providers also increased. At present, there are three major suppliers of CSR ratings: Thomson Reuters (ASSET4); MSCI (ESG Intangible Value Assessment (IVA)); and Sustainalytics (ESG Indicator). Almost all of the large-scale empirical studies dealing with CSR reporting use only one of the three providers as the source for their CSR performance measures. Given the subjective processes underlying the development of CSR ratings (Scharfman, 1996), prior research is beginning to question the construct validity of the ratings (Chatterji et al., 2010) as well as their robustness across providers (Bendell, 2010; van den Heuvel, 2012). Thus far, researchers have found that these ratings are reasonable, but not comprehensive, proxies for CSR performance and that some of the providers’ ratings are significantly correlated. The purpose of our study is to advance this stream of research in two significant ways. First, we will perform a more comprehensive analysis of the robustness of CSR ratings across the three major suppliers. This is the first study to include all three suppliers in one analysis. Second, we will examine the research consequences that may arise from relying on a particular set of ratings. Specifically, we will investigate the sensitivity of some prior research findings to the choice of CSR ratings proxies. We believe that this research is critically important because this stream of research is building on significant results generated by different proxies for CSR performance.

SUSTAINABILITY REPORTING FROM THE OTHER END OF THE TELESCOPE

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The GRI, IIRC, and Corporate “Sustainability” Reporting in general, do a poor job of providing information on corporate impact on local communities despite having incorporated measures to do so. Some (e.g. McElroy & Baue, Centre for Sustainable Organizations) urge more focus on context-based sustainability management. While this may help to focus attention on the limits of sustainability, it remains an account from the corporate perspective. We might be able to learn more about sustainability reporting (and sustainability) if we flipped our point of view 180 degrees. What would we learn if we undertook sustainability reporting from a community perspective? Where would we start? This paper proposes such a scenario in the form of a First Nations community in Canada. Due to legal and historical issues, First Nations communities are governments in their own right, apart from any other level of government in Canada. Hence, community leaders are responsible for all aspects of day-to-day life. In some communities, this scope is articulated via comprehensive community-based planning. As well, many First Nations communities have negotiated Impact and Benefit Agreements with multinational mining companies. These agreements are meant to provide short and long term benefits to the community and a licence to operate for the mining company. At present, accountants are largely uninvolved in either the monitoring of community-based planning or the monitoring of impact and benefit agreements. It is suggested that these would be two fertile areas to explore to understand sustainability reporting from the other end of the telescope.

THE USE OF CORPORATE SOCIAL RESPONSIBILITY INFORMATION

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In a survey of research methods utilized in the extant environmental accounting literature (as part of corporate social responsibility reporting, or CSR), Alewine (2010) documents a lack of experimental studies in the area. He argues that there is a need for more experimentation in the literature and provides insights about how experiments' unique methodological advantages can help address important environmental accounting issues. While a number of experimental studies in the CSR accounting area have been conducted, the vast majority of research in the CSR realm still uses either archival-type investigations (e.g., large sample quantitative data) or a qualitative methodology approach (e.g., interview data); the use of experiments in this
area remains relatively rare. Our current study is particularly motivated by (1) the conclusions of Milne and Patten (2002, p. 394) who had also noted that not enough experimental research has been done in this area, and prescribed experimental frameworks and other methods to “examine to what extent annual report disclosures and other forms of corporate communication are successful at changing the image of the firm’s environmental, social and/or ethical behaviour in the eyes of constituents other than financial stakeholders” and (2) the findings reported by Cho, Phillips, Hageman and Patten (2009) that the presentation medium richness of social and environmental website disclosures is positively associated with website users’ trusting intentions (see McKnight, Choudhury and Kacmar, 2002) as well as user perception of corporate social and environmental responsibility. In this experiment, we seek to extend research findings reported by Cho et al. (2009) by closely examining the potential associations between the content and attention spent by participants in examining items within a sustainability report, and (1) their trusting intentions/beliefs and (2) perceptions of the company’s level of CSR. As such, we use unique high-level technology to determine and identify which specific topics or themes (e.g., energy, biodiversity, human rights, product safety, governance, diversity, etc.) and types (e.g., text narratives, pictures, graphs, charts, numbers) of non-financial information contained in a given sustainability report are considered with more attention by report users. Therefore, similar to Hunton and McEwen (1997), we rely on computerized eye-movement retinal imaging technology in order to capture the cognitive patterns and strategy of report users. The eye-tracker device used is an improved version of the Pupil Centre Corneal Reflection (PCCR) technique. Our findings are based on a sample of 102 participants, the majority of which are 25 years of age or young (72%), educated (85% report having completed a bachelor’s or graduate degree), and female (66%). Our results indicate that participants’ perceptions of the company’s CSR are positively related to their total time spent in examining the accompanying CSR report; furthermore, participants perceived the company as having higher levels of CSR if they spent longer reading the text in the report, and had higher trusting intentions as well. Other analysis also indicates that participants had stronger CSR intentions and trusting beliefs if they spent longer on the thematic areas that were earlier in the report; time spent on reviewing the CSR report devoted to the energy theme was also positively related to CSR perceptions. We also document an interesting gender finding, in that females have higher levels of CSR perceptions and trusting intentions than males; we also find that the positively relationship between total time spent reviewing the report and CSR perceptions is driven by females (but not males). Some interesting preliminary theoretical and practical implications can be drawn. First, empirical results suggest that CSR report disclosures seem to matter to users in terms of shaping perceptions of a company’s social responsibility and more importantly, users are more influenced by report texts rather other types of disclosure such as charts or images. This result is somewhat reassuring but also surprising given the literature on graphs and other visuals from which one could conjecture that the power of such communication tools would lead to a larger influence on user perceptions of CSR. This result combined with the one about the order/position and particular themes could help understand and obtain insights on the potential strategies deployed by companies when designing and crafting their CSR reports.

**SER: RITUALS, CEREMONIALITY AND IDENTITY ACCOUNTABILITY: A “TRENTINIAN” STORY.**

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University of Trento and Euricse  
**Massimo Contrafatto**  
University of Bergamo  
**Caterina Pesci**  
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Over the past years a growing number of studies have been conducted to investigate the motivations, influencing factors and organizational effects of the social and environmental accounting and reporting (for a review: Thomson, 2007; Contrafatto, 2011). However, theoretical understanding of the processes, rationales and controversies behind the decision to implement SEAR into specific organizational domains remain still under-developed. This paper focuses on the dynamics through which SEAR was introduced into an organization to become a “symbolic ritual” as part of the “ceremonialism” (Meyer and Rowan, 1991) involved in an attempt to construct a ‘renewed’ organizational identity (Unerman and O’Dwyer, 2006). Our empirical investigation was conducted, via a field case study methodology, with a ‘rural bank ’- considered as part of Cooperative Banks (CBs) - in the context of Trentino (Italy). The case study organization was one of the first to publish a Bilancio Social (Social Account) since the late 1990s. Empirical data about our case study’s SEAR practices was gathered through a series of different methods, including 14 semi-structured interviews with managers and other staff members; analysis of social and environmental accounts; and observations in the field. All interviews were digitally recorded and later fully transcribed. The analysis of the transcripts, together with all the materials collected in the field were analysed through a process of coding (O’Dwyer, 2004).
ASH, ACTIVISM AND ACCOUNTING: RESISTING BIG TOBACCO
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Ian Thomson
University of Strathclyde

Purpose: To examine external accounting and explore its transformative potential in the context of social activism for tobacco control. Design/methodology/approach: This paper presents a longitudinal case study of Action on Smoking and Health UK (ASH) and their use of external accounting as part of their campaigns during 1999 - 2010. The paper develops a typology of external accounting that integrates the tactics and strategies of activists with external accounting entities, visibilities and contents. This paper uses this typology to analyse ASH’s external accounting and activism that attends to the problematisation and transformation of tobacco control in the UK. Findings: Our study identifies the potential of external accounts to critique and challenge institutional conduct by producing new knowledge, creating new visibilities, creating new accounting entities and challenging the moral and ethical underpinnings of the problematised actions. The paper argues that the effectiveness of such external accounts to contribute to transformative change was influenced by the strategy and engagement tactics of the activist group, and the power dynamics and governance in the wider contested arena. ASH used different external accounts in specific episodes of activism that collectively contributed to a comprehensive account of what they consider to be the unacceptable consequences of tobacco production, consumption and governance. Originality/value: This study provides insights into how external accounting can contribute to transformative change. The longitudinal examination illustrates how one organisation’s external accounting activities are intertwined with social activism in tobacco control. The paper contributes to discussions on how accounting can play an effective role in social transformations and outlines a framework for further research in this field. Keywords: external accounting, transformation, governmentality, tobacco

WHO SPEAKS FOR THE RIVER? EXPLORING BIODIVERSITY REPORTING USING AN ARENA APPROACH
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In this paper, we explore reporting for biodiversity in the contested arena surrounding the impact of a hydro-electric power scheme located in the Tummel catchment in Scotland. We focus on the scheme’s operation within a particular regulatory framework – the statutory implementation of the European Water Framework Directive (WFD) - between 2000 and 2012. Drawing on publicly available documents, we provide an overview of the contested arena in which accounts of ecological biodiversity were produced, to trace the interactions between various organisations with interests in the operations and impacts of the scheme. The implementation of the WFD in Scotland and elsewhere has raised expectations that a new regime of water governance might support sustainable water resource management. However, alongside shifts in entity definition and methods of measurement underpinning the rule enforcement system, powerful arena participants appeared to be able to keep voluntary legitimating disclosure to a minimum and bypass the official engagement process, while less powerful participants, despite their supposed formal role within the process, were forced to engage using a campaign of problematisation and media amplification, in response to perceived inequality of access to decision-makers. We conclude that, despite the apparently pivotal role of elements of biodiversity and ecology within the rule-enforcement process, attempts at ecological and/or biodiversity accounting remain grounded in a firmly modernist discourse, with the visibility of the river at the centre of the contested arena obscured behind the more familiar prevailing economic constructs of salmon fishing and hydro power. As a consequence, none of the arena participants we observed could really claim to ‘speak for the river’.

DETERMINANTS OF ADOPTION OF INTEGRATED REPORTING: AN EXPLORATION OF INSTITUTIONAL FACTORS
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University of Stirling

Integrated reporting is emerging as a new reporting paradigm that is claimed to provide a more holistic, responsive and strategic portrayal of corporations’ overall performance. The pace of development of integrated reporting has been steadily increasing in recent years, with the number of corporations adopting such reporting rising from just a few firms in 2004, to 237 in 2010 (Eccles and Serafeim, 2011). However, despite the growing interest and importance attached to integrated reporting, there is a lack of
research exploring the reasons why companies embrace integrated reports as their reporting vehicle. This research seeks to analyse the specific conditions under which corporate engagement in integrated reporting is enacted, maintained and transformed, by exploring the effect of institutional factors (coercive, normative and mimetic) faced by such companies. Additionally, the research provides a portrayal to the current state of the integrated reporting in terms of who is reporting, when they started and from which countries. Drawing on a sample of GRI listed firms between 2002 and 2010, this longitudinal study employs a logit regression model to test relevant hypotheses based on the institutional factors relating to IR adoption. Moreover, the study undertakes several robustness checks to ensure the results still hold. Research findings reveal interesting insights into showing the factors and conditions for producing such reports, showing especially a strong effect of mimetic factors on driving integrated reporting production.

Keywords: Integrated reporting adoption - institutional theory - institutional factors - one report.

SITE-SPECIFIC AND GEOGRAPHICAL SEGMENTAL SOCIAL, ENVIRONMENTAL AND ETHICAL DISCLOSURES BY THE MINING SECTOR
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Henley Business School

Purpose: This paper explores the extent of site-specific and geographic segmental social, environmental and ethical reporting by mining companies operating in Ghana. We aim to: (i) establish a picture of corporate transparency relating to geographic segmentation of social, environmental and ethical reporting which is specific to operating sites and country of operation, and; (ii) gauge the impact of the introduction of integrated reporting on site-specific social, environmental and ethical reporting. Methodology/Approach: We conducted an interpretive content analysis of the annual/integrated reports of mining companies for the years 2009, 2010 and 2011 in order to extract site-specific social, environmental and ethical information relating to the companies’ mining operations in Ghana. Findings and Implications: We found that site-specific social, environmental and ethical reporting is extremely patchy and inconsistent between the companies’ reports studied. We also found that there was no information relating to certain sites, which were in operation, according to the Ghana Minerals Commission. This could simply be because operations were not in progress. Alternatively it could be that decisions are made concerning which site-specific information is reported according to a certain benchmark. One policy implication arising from this research is that IFRS should require geographic segmental reporting of material social, environmental and ethical information in order to bring IFRS into line with global developments in integrated reporting. Originality: Although there is a wealth of sustainability reporting research and an emergent literature on integrated reporting, there is currently no academic research exploring site-specific social, environmental and ethical reporting

Keywords: International Financial Reporting Standards (IFRS); geographic segmental reporting; integrated reporting; site-specific social, environmental and ethical reporting; sustainability reporting.

DIFFERENCES IN CHARITY ETHICAL INVESTMENTS IN NORWAY AND THE UK: AN INSTITUTIONAL ANALYSIS OF THE IMPACT OF A SOVEREIGN WEALTH FUND
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Telemark University College
Ken McPhail
La Trobe Business School
Vivien Beattie
The Adam Smith Business School

Purpose - The purpose of this paper is to explore whether, how and why socially responsible investment practices of charities differ between two countries with different ideological and institutional frameworks – Norway and the UK. Design/methodology - The paper uses mixed methods and a cross-sectional field study design to explore the ethical investment practices of 300 of the largest charities by investments in the UK and Norway. Findings - Our results indicate that Norwegian charities had more public sector funding than their UK counterparts; that charities with higher public sector funding were more likely to have an ethical policy; that many Norwegian charities with public sector funding mimic the policy of the Government Pension Fund (GPF); and that the ethical investment policy of Norwegian charities was more strongly influenced by stakeholders. Originality/value - This paper responds to calls for more research on charities in different countries and CSR practices in different countries. We contend that this comparison also sheds light on the institutional influence of sovereign wealth funds and their impact on broader accountability mechanisms and regulatory networks. The paper offers a synthesis of institutional theory and social origins theory to serve as the theoretical framework.
CORPORATE DISCLOSURE OF SOCIAL ISSUES OF AN AUSTRALIAN COMPANY: DOES THE DISCLOSURE SIGNAL MORAL LEGITIMACY?
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This paper examines the extent to which corporate disclosure of social issues reflects moral legitimacy under changing public attention. A considerable body of literature has evidenced that corporate social reporting largely portrays favourable outcomes in order to seek legitimacy from powerful stakeholders. However, there is limited understanding of whether corporate social disclosure may signal a shift towards a greater moral sense, particularly with increasing public attention on corporate social responsibility to vulnerable stakeholders. Drawing on the concepts of pragmatic legitimacy and moral legitimacy, and the theoretical perspective of impressive management, the issues are addressed through a case study of an Australian oil and gas company, Woodside Petroleum Ltd, over a 13-year period from 1999 to 2011. Specifically, the paper analyses Woodside’s responses to Aboriginal issues, which is an on-going key social issue faced by Woodside. An analysis of news articles, responses by Woodside’s spokesperson and the company’s sustainability reports reveal a substantial increase in news coverage of Aboriginal issues related to Woodside since 2009, which coincided with greater government recognition of Aboriginal rights. As an immediate response to the incidents covered in the news articles, the spokesman’s messages were largely targeted at gaining pragmatic legitimacy using accounting tactics throughout the 13-year period. On the other hand, disclosure in the sustainability reports showed a gradual shift towards moral legitimacy, facilitated by acclaiming tactics. The findings reveal different legitimacy emphasis in different communication channels and highlight the tendency of Woodside’s disclosure to signal its moral standards in the longer term.

CORPORATE SOCIAL RESPONSIBILITY IN MACAO'S GAMBLING INDUSTRY
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Corporate Social Responsibility (CSR) is one important response to the increasing among of criticism levelled at corporations. A number of studies have focused on CSR in particular industries – notably the oil, banking and retailing industries; however, some contentious industries, e.g. the gambling industry remains unexplored. Mobilizing CSR in a novel setting not only enhances the knowledge of CSR and gambling, but also provides a general understanding of this industry itself. This study investigates how CSR is understood in the industry and why the industry engages in CSR. In order to provide a deeper understanding of CSR, semi-structured interviews were employed to examine the two research questions in the context of Macao’s gambling industry. There are three main findings in this study. First, organisations in Macao’s gambling industry engage in symbolic, rather than substantive, CSR and Responsible Gambling (RG) practices in order to manage stakeholders’ perception. Second, they attempt to gain different sources of legitimacy in order to gain political and social supporting through a granting greater access to critical resources to enhance their survival. Third, the gambling industry is not entirely conformed to the institutional environment, which poses a challenge to organizational legitimacy literature. This study introduces a necessary caution into the discussions about the extent of CSR and RG in this industry more generally.

LEADERSHIP CLAIMS IN CSR REPORTING – FACT OR FALLACY?
Bob Miller
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CPA Australia is the first and only accounting institution to issue a CSR report. In their first report they commented a lot about their role as a leader in reporting and as a guidance provider. This research analyses their claims of leadership and examines their first three CSR reports by content analysis, metaphor analysis and rhetorical analysis. Content analysis shows a low level of detailed reporting indicators, generally of a descriptive strategic nature with little change over the first three CSR reports. Metaphor analysis shows a change from claims of leadership in practice and guidance to more common metaphors of journey. Rhetorical analysis shows high levels of calls to credibility (ethos) in its first report and a change to calls to emotion (pathos) in later reports. While there are many areas that are improved over the first three reports, overall we find the claims of leadership in CSR reporting made by CPA Australia to be fallacy.
SUNFLOWER ELECTRIC POWER CORPORATION’S COAL-FIRED PLANT EXPANSION: RECALLED TO LIFE?
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Sunflower Electric Power Corporation is a power generation and transmission cooperative in western Kansas. The company hit the national news in October of 2007 when Kansas Department of Health and Environment Secretary Roderick Bremby scuttled its $3.6 billion expansion plans by denying it an air-quality permit, citing health and environmental concerns. Bremby based his decision on an April, 2007 Supreme Court ruling that found that CO2—a greenhouse gas that many scientists believe is a major contributor to global warming—could be regulated as a pollutant. In 2008, Governor Kathleen Sibelius thrice vetoed bills passed by the Kansas legislature that would have allowed Sunflower to appeal the permit’s denial. Shortly after Sibelius left office, and one month after Bremby lost his job as Secretary, the new leader of the KDHE approved and issued the necessary permit to Sunflower. Nonetheless, the expansion has been stayed by legal challenges from environmentalists. Advocacy on both sides of the debate is on-going and acrimonious: is the expansion an “unnecessary, money-losing pollution project,” or is the pushback the work of “environmental extremist groups” who want to curtail energy use? An industry-funded economic impact study, touted by Sunflower’s management as illustrating the “significant” benefits from the expansion, ignores potential rate increases, carbon taxes, and health consequences, while never mentioning that Kansans do not need this power. In this paper, we evaluate the study’s claims and the broader debate on the Sunflower’s proposed tripling of its coal-fired generating capacity. Using stakeholder and legitimacy theories, we consider the perspectives of several key stakeholder groups, including Sunflower, its co-op members, environmental groups, state entities, and NGOs. We find that consideration of environmental impacts is critical in assessing the risk and reward of coal-fired electricity projects.

LEADERSHIP CLAIMS IN CSR REPORTING – FACT OR FALLACY?
Bob Miller
University of Canterbury

CPA Australia is the first and only accounting institution to issue a CSR report. In their first report they commented a lot about their role as a leader in reporting and as a guidance provider. This research analyses their claims of leadership and examines their first three CSR reports by content analysis, metaphor analysis and rhetorical analysis. Content analysis shows a low level of detailed reporting indicators, generally of a descriptive strategic nature with little change over the first three CSR reports. Metaphor analysis shows a change from claims of leadership in practice and guidance to more common metaphors of journey. Rhetorical analysis shows high levels of calls to credibility (ethos) in its first report and a change to calls to emotion (pathos) in later reports. While there are many areas that are improved over the first three reports, overall we find the claims of leadership in CSR reporting made by CPA Australia to be fallacy.

MANAGING REPUTATION AND MAINTAINING LEGITIMACY: UNDERSTANDING A COMPANY’S RESPONSES TO SUSTAINABILITY ISSUES
Sanjaya Kuruppu and Markus J. Milne
University of Canterbury

Purpose: This paper explores the role of reputation management and legitimacy in driving company response behaviours around short-term sustainability issues. Current research is mainly limited to studies on external reporting. We add to literature by exploring the internal mechanisms and behaviours which lead up to external reporting. New theoretical insights are provided into legitimacy theory by presenting a framework which creates a distinction between reputation and legitimacy concepts. Design and methodology: Research is conducted through an in-depth case study in a wholly-owned foreign affiliate of a large multinational organisation involved in an environmentally sensitive industry. Data collection was extensive, including semi-structured interviews and non-structured talks with 26 participants from top management executives through to production workers, access to confidential reports, and participation in the company’s annual environmental seminar and a stakeholder engagement meeting. Findings: We propose that reputation and legitimacy must be understood in terms of behaviours (processes) as well as external reporting outcomes. Findings and discussion are presented on two research objectives. Firstly, we create a distinction between the concepts of “reputation” and “legitimacy” in the case company. Secondly, we outline three short-term issues concerning environmental incidents or issues in the company which illustrate how reputation and legitimacy are distinct but interrelated concepts. These cases present how company response behaviours change according to three factors drawn from the literature: 1) visibility of the issue, 2) stakeholder salience, and 3) the interconnectedness of stakeholders around the problem. It is shown that companies prefer direct action to contain problems where possible, and external reporting only features in some scenarios. Originality/value: There has been a considerable focus on external reporting in corporate sustainability research, particularly in the accounting literature. The work that has been done on internal systems has been
largely limited to case study work investigating characteristics and preconditions of sustainability processes together with limitations in current practice. The purpose of this research is to produce an in-depth case study looking at company responses to sustainability issues. It provides some new perspectives on the well-researched concept of legitimacy along with potential avenues for further theory development.

THE BIRDS AND THE BEES: CRASS EMPIRICISM AND CORPORATE ENVIRONMENTAL PERFORMANCE
Markus J. Milne,
University of Canterbury

The focus of this paper is the perceived inadequacy of empirical work investigating corporate environmental performance and its reporting and disclosure. Ever since Wiseman (1982), social and environmental accounting academics have been aware that what companies say in their annual reports may not correlate with measures of their environmental performance. Empirical studies of performance and disclosure have continued to emerge both in the accounting and management and organization studies literatures (e.g., Cho et al., 2012). Despite the increasing use of sophisticated statistical techniques, and the increasingly scientific appearance of such work, this paper argues that the very notion of corporate environmental performance as constructed in social and environmental accounting research is critically misplaced. Drawing on examples from the scientific investigation of the impact of chemical substances on birds (e.g., DDT and 1080, Carson, 1962), bees (e.g., neonicotinoids and colony collapse disorder) and the fertility of humans (the birds and the bees!) (e.g., fertility endocrine disrupters), this paper illustrates the complex and uncertain nature of the scientific understanding of chemicals on the natural world. Such complexity and contingency then provides a basis on which to shadow the crudity of approaches taken in the accounting and management disciplines. The paper carefully examines and questions the approach taken to constructing and measuring corporate environmental performance in several empirical studies. Following Hines (1988, 1991), not only are the measures of corporate environmental performance shown to be poor “proxies”, they are shown in many cases to be meaningless social constructions, leading to a critical questioning of the very idea of corporate environmental performance.

CORPORATE PROJECTIONS OF ENVIRONMENTAL CAPITAL SPENDING: FURTHER ANALYSIS OF ITS INCIDENCE AND ITS RELATION TO LEGITIMATION
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Illinois State University
Jason C. Chen
University of San Diego
Jennifer C. Chen
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Focusing on a sample of U.S. companies from environmentally sensitive industries, Patten (2005) investigates corporate disclosure of projected future capital spending for pollution abatement and control over the period from 1994 through 2002. He shows that, for the overwhelming majority of the firm-year observations, actual subsequent spending, where reported, falls short of the projections, often by substantial amounts. Patten (2005) also documents that this distribution of errors does not occur relative to overall capital spending and its relation to prior-year projections, leading him to conclude that the use of the environmental capital spending projections appears to “be more misleading than meaningful” (Patten, 2005, p. 457), and as such is only “a legitimation device” as opposed to an accountability mechanism (Patten, 2005, p. 466). In this study, we add to the body of work investigating corporate use of social and environmental disclosure by extending Patten’s (2005) analysis in two important directions. First, based on his noted potential limitation that the “lack of accuracy in the environmental capital expenditure projections . . . are somehow a function of the time period examined,” (Patten, 2005, p. 467) we extend the analysis to cover the period from 2003 through 2010, inclusive. We argue that two U.S. federal government events, the passage of the Sarbanes-Oxley Act of 2002 (SOX) and the Government Accountability Office’s (GAO) investigation of corporate environmental disclosure (GAO, 2004), may have induced companies to be less egregious in their use of the spending projections. SOX appears to have led to more conservatism in financial reporting overall (Lobo and Zhou, 2006; 2010; Nagy, 2010), although Feldman and Read (2010) argue that the increased conservatism may only have been a temporary reaction. Further, SOX substantially increased CEO and CFO accountability for financial reporting, a factor argued by Crusto (2005), Viscuso (2007), and others to likely lead to improved environmental disclosure. In the report on its investigation into environmental disclosure (GAO, 2004), the GAO noted that many experts in the field were calling for increased oversight and enforcement by the Securities and Exchange Commission (SEC), and specifically recommended that the SEC should take steps to improve the tracking and transparency of review information and to work more closely with the Environmental Protection Agency (EPA) to take advantage of EPA data. We argue that the threat of increased oversight, particularly in conjunction with the increased accountability imposed by SOX, may have led corporate management to reduce the degree of overstatement in projections of environmental capital spending. In our investigation of environmental capital expenditure spending errors over the 2003-2010 period, we find,
overall, that both the percentage of negative projection errors (actual spending was lower than had been projected) and the mean percentage of error amount decreased relative to the levels reported by Patten (2005). However, those reductions are almost exclusively due to reductions over the 2005 to 2007 time frame, which we label as the GAO period. Spending error patterns in the two-year period following the passage of SOX (the SOX period) are virtually unchanged from those in Patten’s study. Further, we document that the reduced incidence and severity of negative projection errors in the GAO period is only temporary. Error amounts and distribution over the Post-GAO period from 2008 to 2010 return to the levels exhibited in the pre-GAO time frame. We argue this may be due to a lack of substantive change in SEC monitoring as recommended in the GAO report. In our second extension of Patten (2005), we further explore the use of environmental capital expenditure projections (and the overstatement of these amounts) as attempts at legitimation. Proponents of legitimacy theory argue that companies use social and environmental disclosure as a tool for reducing exposure to public policy pressures (see, e.g., Patten, 2002; Walden and Schwartz, 1997). As such, if environmental capital spending projections are being used as a legitimating device, we would expect companies facing greater legitimacy exposures to be more likely to make the projections, and also more likely to use the disclosure in a manipulative manner by overstating future expected spending. Examining a sample of 107 firms from environmentally sensitive industries and projections across the SOX, GAO, and Post-GAO sub-periods, we find that both firm size and environmental performance based on size-adjusted levels of toxics released into the environment, factors argued in prior research to be measures of legitimacy exposure, are associated with both of these practices. Larger companies and firms with worse environmental performance are more likely to make projections of future environmental capital spending than are smaller firms and companies with better environmental performance, and they are also more likely to reflect overstated projections (relative to actual subsequent spending) in their disclosures. Our results further indicate that these relations, although weakened, continue to hold during the GAO period where the incidence and the magnitude of spending errors were reduced. These findings thus present further evidence that the projections appear to be used as tools of legitimation rather than accountability and add credence to the growing body of research criticizing the largely voluntary environmental disclosure regime currently in place throughout much of the world (see, e.g., Cho and Patten, 2008; Gray, 2006; 2010; Patten, 2012).

INVESTOR ATTITUDES, INVESTMENT SCREEN USE, AND SOCIALLY RESPONSIBLE INVESTMENT BEHAVIOR
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There is an increasing demand for socially responsible investment (SRI), and SRI screens are an important source of information for investors. Yet, little is known about the relationship between investors’ attitudes, use of SRI screens, and actual SRI behavior. To examine this relationship, we gathered data on investors’ environmental attitudes, use of SRI screens, and SRI behavior. We find that four out of five components of the New Ecological Paradigm (NEP) scale, a measure of basic environmental attitudes, are associated with specific attitudes towards environmentally responsible investment. These specific attitudes in turn are positively associated with SRI screen use, and SRI screen use is positively associated with the percentage of investors’ portfolios held in SRIs. There is also a significant direct relationship between specific environmentally responsible investment attitudes and SRI holdings. Our results suggest that there are complex, multi-dimensional relationships between investor attitudes, SRI screen use, and investment behavior.

Keywords: Socially responsible investment, Environmental attitudes, NEP Scale.

‘VISUAL REPETITION’ IN SOCIAL AND ENVIRONMENTAL REPORTS AS IMPRESSION MANAGEMENT STRATEGY
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When the information disclosed in corporate social and environmental reports is aimed at influencing readers’ perceptions, distorting it in order to appear in a favourable light, the disclosure documents became vehicles for impression management strategies (Hooghiemstra, 2000; Merkl-Davies and Brennan, 2007; Merkl-Davies, Brennan, McLeay, 2011). The literature on impression management has to date recognised the role of ‘visuals’ as impression management tools; i.e. the presence of redundancy, which is ‘operationalised as the repetition of an item of voluntary information’ (Courtis, 1996, p. 1). Repetition may be due to the presence of visual information in conjunction with narrative information, generating ‘emphasis’ for impression management purposes (Brennam et al., 2009). In the light of the abovementioned framework, the paper focuses on the difficulties in interpreting redundancy in voluntary disclosure whenever the repetition concerns narrative disclosure and ‘visuals’ such as graphs or tables. The linguistic concepts of ‘simple’ and ‘complex’ repetition (Sassure 1995, Deleuze, 1994; Hoey, 1991) helped us
to find insight of impression management techniques in corporate social and environmental reporting. Our study is based on a
content analysis of 98 corporate social and environmental reports of Cooperative Banks of Northern Italy. The paper aims at
contributing to studies on ‘emphasis’, which presence still remain scarcely investigated in impression management framework
(Brennam et al., 2009, p. 797).

THE ASSOCIATION BETWEEN SUSTAINABILITY GOVERNANCE CHARACTERISTICS AND THE ASSURANCE OF
CORPORATE SUSTAINABILITY REPORTS
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The following study seeks to provide evidence on whether sustainability-oriented corporate governance mechanisms
impact the voluntary assurance of corporate sustainability reports. Specifically, we consider the presence and characteristics of environmental committees on the board of directors and a Chief Sustainability Officer (CSO) among the management team. When examining the assurance services, we make a distinction between those services performed by external assurance providers and the company’s internal auditors. We find that the presence of an environmental committee and a CSO are positively associated with corporate sustainability report assurance services. However, presently, environmental committees appear to prefer the services of consultants and internal auditors. Additional analysis suggests the associations are conditional upon the committee’s expertise and overlap with the audit committee. Similarly, sustainability assurance appears to increase in relation to CSO expertise. Our results are particularly important to those with interests in understanding the evolution and demand for sustainability assurance, as well as the impact of environmental governance mechanisms that are increasingly part of the corporate mosaic. Overall our results suggest that there remain large opportunities for both external and internal audit standard setters to establish stronger guidelines increasing the value and demand for sustainability assurance services.

ENVIRONMENTAL LIABILITIES AND DIVERSITY IN PRACTICE UNDER INTERNATIONAL FINANCIAL REPORTING
STANDARDS
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Effective January 1, 2011, Canada moved from accounting for environmental liabilities under virtually the same standards as
United States Generally Accepted Accounting Principles (U.S. GAAP), to accounting standards as per IFRS (as part of a full-scale
move to IFRS). As the date of transition approached in Canada, the Canadian Accounting Standards Board (AcSB) appealed to the
IFRS Interpretations Committee (IFRIC) for clarification on the IFRS treatment of environmental liabilities. This pertained to
whether or not a risk-free discount rate was required in calculating the present-value of environmental liabilities. Under IFRS, it is
common to use the risk-free rate, but it is unclear as to whether this is required. A higher discount rate is allowed under old
Canadian GAAP (and U.S. GAAP), which results in a much lower environmental liability reported on the balance sheet. This issue
has a multi-billion dollar impact on the recognition of environmental liabilities in the Canadian mining and oil and gas sectors,
which are the sectors we study herein. IFRIC refused to address this issue, arguing that the predominant practice was to use the
risk-free discount rate. We provide evidence that, without authoritative guidance, the firms with the largest environmental
liabilities chose to stay aligned with U.S. GAAP and to minimize the change in environmental liabilities upon transition to IFRS. We
also provide evidence that diversity in practice in discounting environmental liabilities is a significant issue under IFRS and one
that should have been addressed by IFRIC.

MEDIA PRESSURE AND SOCIAL AND ENVIRONMENTAL REPORTING OF BRITISH TELECOM: A SPECTACULAR
PERSPECTIVE
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This paper investigates the Social and Environmental Reporting (SER) practices of British Telecom (BT) and particularly adds to the
literature examining the relationship of media pressure and SER. It extends Media Agenda Setting Theory and content analysis
based research by using Guy Debord’s (1983) work on the Society of the Spectacle (Oakland CA: AK Press) and focusing on the manifest as well as the latent communication content of the examined sources. BT’s considered communications include annual reports, SER publications and press releases, whilst considered related media sources are newspaper articles, televised communications and archived internet sources, over a 17 year period. Despite their purportedly objective nature, both media and BT’s communications are found to be carefully crafted narratives, which through multiple revisions and edits are shaped into apparently ‘linear’ events. Although the public would only read the provided information as a description of the events, Debord’s frame assists in revealing how symbols can be manipulated and information flow can be controlled (by structuring and scheduling the emission, volume and rate of communication flow) through an iterative interaction process between organisations and media, in an attempt to negotiate meaning. In this case, control of information involves inter alia concealment or downplay of news, as well as justifications and indirect references to issues raised by the media, in order to manage discontent particularly associated with job losses and poor customer service. Concepts such as ‘stakeholder interests’ and ‘sustainability’ seem to be particularly susceptible to manipulation.

ACCOUNTING IN A NEW EPISTEME: INTRINSIC SUSTAINABLE DEVELOPMENT & THE CASE OF THE CHINA DREAM AND THE NEW SUSTAINABLE CITY AT TIANJIN

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This study first reviews an innovative epistemic analysis approach derived from Foucault to identify an emerging episteme. It then derives some of the key consequences of the emerging episteme for accounting and sustainable development. Finally the case of the China Dream and the new sustainable city at Tianjin are used to show what the emerging episteme and its consequences mean in practice for both accounting and sustainable development.