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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 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. The case study of the company involved a series of interviews with key participants in the sustainability process and documentary analysis. The contribution of the paper is twofold. Firstly it provides insight into the internal factors motivating the company's engagement in sustainability practices and reporting. 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 processes and the day to day activities of the company.

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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 and Gray, 1998, O'Dwyer, 2001). While there has been a gradual increasing in the number of publicly quoted companies publishing sustainability related information in either their annual reports or standalone reports (Maughan, 2006, Maughan, 2007, Sweeney, 2008), this is not yet a widespread practice among publicly quoted companies. On the regulatory side, there is legislation covering areas of practice that would be encompassed in the concept of sustainability, such as the vastly increased body of environmental legislation now in force in Ireland (Wynn, 2003). However, the mandatory disclosure requirements in relation to reporting sustainability related data are minimal (O'Dwyer, 2002). Yet, Musgrave Group[1] a large private family owned Irish company has been engaged in a sustainability practice[2] (encompassing both sustainability practices and accounting), since the late 1990s and publishes independently verified GRI compliant sustainability reports. Prior too, and since its engagement with sustainability issues the company has not been the subject of any significant external attention from the media or activist groups in relation to its social or environmental impacts. Thus the company's motives for engaging with sustainability issues and reporting were not immediately apparent. 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. In these interviews the interviewees provided accounts of why the company originally engaged in a formalised sustainability process and how the process has evolved and developed over the nine year period since its inception. The interviewees' accounts provide insight into their role in developing the legitimacy of the process and also the affect of strategies of legitimation on their perception of the process. The paper provides

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[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.

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. 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.

Company's motivations or engaging in sustainability practices and reporting have been the subject of much debate. Legitimacy theory is probably the most frequently used theory to explain sustainability related disclosures (Campbell et al., .2003). A range of studies using a variety of methods have examined legitimacy theory as an explicator of social disclosures. These studies have produced mixed results. While several studies have found evidence consistent with legitimacy theory as an explanatory factor for corporate social responsibility (CSR) reporting (Buhr, 1998, Deagan et al., 2002, Deegan et al., 2000, Milne and Patten, 2002, Neu et al., 1998, O'Donovan, 2002, Cho, 2009, Gray et al., 1995b) others have contested the explanatory power of legitimacy theory (Campbell, 2000, De Villiers and Van Staden, 2006, O'Dwyer, 2003, Wilmhurst and Frost, 2000). There is disagreement over the link between legitimacy theory and corporate social reporting, with some suggesting that the connection is limited at best (Guthrie and Parker, 1989, Wilmhurst and Frost, 2000). These studies have generally used legitimacy as a broad theoretical concept, often drawing on Lindblom or Suchman's definitions of organizational legitimacy as:

> A condition or a status which exists when an entity's values system is congruent with the value system of the larger social system of which the entity is part (Lindblom, 1994, p.2)

> A generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some social constructed system of norms, values, beliefs and definitions. (Suchman, 1995, p.574)

In this context CSR reporting is perceived as a method for companies to communicate their legitimacy to a wider audience (Woodward et al., 1996). This conception of the relationship between CSR and legitimacy focuses on CSR, particularly CSR reporting, as means of gaining, maintain or restoring legitimacy from an external audience (Buhr, 1998; Neu et al 1998; Guthrie and Parker, 1990; Deagan et al 2002; Milne and Patten; 2002). This external

audience or "relevant publics" (Lindblom, 1994) can include a broad range of disparate groups such as governments, shareholders, activist groups and community organization. However, many of these studies portray this external audience as a homogenous group (O'Dwyer, 2002). While such a broad theoretical perspective can provide an innovative perspective in an embryonic field of study it can become progressively less insightful as the field develops (Unerman, 2008). A number of recent studies have sought to developed alternative perspectives such as reputation risk management (RRM) (Bebbington et al., 2008) or institutional theory (Bebbington et al., 2009) to provide insight into the motives for CSR reporting. However, these studies are still primarily focused on external determinants of CSR reporting such as the need to maintain the company's reputation or regulation pressures. While the focus of Bebbington et al's (2008) study is external reputation management, they suggest that reputation discourse can be directed at both "the outside" (parties external to the organization) and "the self" (organizational members). Using the RRM perspective they then examine a specific instance of CSR reporting (Shell's 2002 CSR report). They suggest that "it may well be the case that the Shell report is as much to do with the manufacture of the organisation identity as it is with the external management of reputation" (Bebbington et al., 2008, p.350). Using the concepts of organizational identity and internal organizational legitimacy the paper examines the company's internal motivations for engaging in sustainability reporting, and responds to Bebbington et als (2009, p.355) request for a more sociologically informed analysis of the reporters' motivations.

This paper diverges from the traditional use of legitimacy theory in the field of sustainability accounting research, and instead focuses on the process of gaining internal legitimacy for the sustainability process. A growing number of studies have responded to calls for engagement based research in the area of sustainability practices and accounting (Adams, 2002, Adams and Larrinaga-Gonzalez, 2007, Adams and McNicholas, 2007, Bebbington et al., 2007, Bebbington et al., 2008, Gray, 2002a, Larrinaga-Gonzalez and Bebbington, 2001, Larringa-Gonzalez et al., 2001, Parker, 2005) Informed by the long running debate on the potential of sustainability accounting as a vehicle for organisational change and its vulnerability to managerial capture (Adams, 2004, Adams and McNicholas, 2007, Bebbington, 1997, Cooper, 1992, Cooper et al., 2004, Deagan, 2002, Dillard, 1991, Everett and Neu, 2000, Gallhofer and Haslam, 1997, Gray, 2002a, Gray, 2006, Gray et al., 1995a, Gray, 1992, Gray, 2001, Gray, 2002b, Neu et al., 2001, Newton and Harte, 1997, Owen et al., 1997, Owen et al., 2000, Parker, 2005, Power, 1994, Tinker et al., 1991, Willmott et al., 1993) a significant proportion

of these field based studies have focused on exploring the nature of managerial capture or evaluating the role of sustainability accounting interventions in organizational change in particular entities. (Bebbington and Gray, 2001, Gray et al., 1995a, Larrinaga-Gonzalez and Bebbington, 2001, Larringa-Gonzalez et al., 2001, O'Dwyer, 2003, O'Dwyer, 2005a, O'Dwyer, 2005b, Ball, 2005, Adams and McNicholas, 2007, Dey, 2007). With the exception of Adams and MacNicolas (2007) the findings of these studies have been generally pessimistic about the potential of sustainability accounting to stimulate organizational change. While the role and efficacy of sustainability accounting as an organization change agent may always remain contested, these studies have provided some limited insight into the organizational context in which sustainability accounting interventions have taken place (Dey, 2007). However little is known about the interaction between sustainability practices and internal organisational processes, structures and cultural factors (Adams, 2002, Adams and Larrinaga-Gonzalez, 2007, Adams and McNicholas, 2007, Adams and Whelan, 2009). This study examines the influence of the company's identity on the motivation for and initial internal legitimation of the company's engagement in a sustainability practice. Larrinaga-Gonzalez and Bebbington (2001) hint at the importance of organizational identity, when they suggest that in order for environmental accounting to be an effective change agent it must reproduce the underlying rationale of the organization. Humphreys and Brown (2008) also highlight the importance of organizational identity in understanding how companies engage with CSR. In their case study of a large publicly quoted company in the credit card industry they found that many employees found it difficult to integrate a normative case for CSR with their perception of the organization's identity which centred on economic imperatives for new initiatives.

As well as considering the role of organizational identity in legitimating the decision to engage in sustainability practice, this paper provides an in-dept account of the motivations for and the evolution of the sustainability practice in Musgrave, the challenges and resistance to the practice and the strategies used to gain internal legitimacy for the process. In doing so the paper provides insight the process through which sustainability practices and reporting can become integrated into the day to day activities and decision making processes of a company. This study responds to Weaver et als (1999, p.550) call for a greater understanding of the ways in which integration may occur. The integration of a practice with an organization involves both depth, which is the degree to which the practice manifests itself across various types of activities, and span, which is the extent of process not just within the firm but

through out its entire supply chain (Basu and Palazzo, 2008). The structures and policies of an integrated practice will affect everyday decisions and actions and the personnel involved in this practice will have the confidence of and regular interaction with other departments and their managers (Weaver et al., 1999,p.540). An integrated practice is likely to be supported by other organizational policies and practices, and managers and employees are "held accountable to it, take note of it a, and see it as having a valued role in the organization's operations" (Weaver et al., 1999, p.540).

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. Background details on the company are 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, described in detail in the research methodology approach. 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. Applying more than one theoretical perspective can help to provide a more complete picture of companies engagement with 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 subsequent sub-section considers legitimation strategies for new practices. 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 (Moingeon and Ramanantsoa, 1997, Hogg and Terry, 2000, Albert et al., 2000) and has been equated with organizational image and reputation, organizational culture and organizational personality or

character (Moingeon and Ramanantsoa, 1997, van Riel and 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 and Schultz, 1997, p.357). In this area organization identity is seen as the definition of what an organization is (Albert et al., 2000). It answers the question "Who are we as an organization?" (Albert and Whetten, 1985). One of the most commonly citied definitions of organization identity in this area suggests that it involves organizational members' beliefs about their organization's central, distinctive and enduring characteristics (Albert and 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.

While organizational identity is conceived of as a collective construct, not all groups within an organization may share the same perceptions about their organization (Ashforth and Mael, 1989). Albert and Whetten (1985) distinguish between holographic organizations in which individuals across subunits share a common identity (or identities) and ideographic organizations in which individuals display sub-unit specific identities. The former category of organization could include Mintzeberg's (1983) missionary organizations in which members strongly subscribe to a common set of values and beliefs (Ashforth and Mael, 1989). The more salient, stable, internally consistent and enduring the identity of an organization is, the greater the influence it will have on individual member's behaviour (Ashforth and Mael, 1989). Organizational identity is communicated to organizational members through rituals, traditions, stories, symbols, sagas, heroes and ceremonies that encode and reproduce shared organizational patterns of behaviour (Ashforth and Mael, 1989, Dutton et al., 1994). These symbols of organizational identity are used to communicate the collective identity to organizational members (Dutton et al., 1994). Organizational leaders often articulate, and many seek to manipulate symbols of organizational identity such as stories, myths and metaphors to create compelling images of what is unique and distinctive about the organization (Albert and Whetten, 1985, Dutton et al.,

1994). While these claims of uniqueness may or may not be empirically valid (Martin et al., 1983), what is important is that powerful members of the organization engage in managing these symbols of identity in an effort to create a collective identity for organizational members (Albert and Whetten, 1985, Dutton et al., 1994). Recent work on organizational identity suggests that it is an important construct in understanding the direction and persistence of both individual and organizational action (Albert et al., 2000, Dutton and Dukerich, 1991, Basu and Palazzo, 2008, Brickson, 2007). Dutton and Dukerich (1991) suggest that organizational identity filters and moulds an organization's interpretation of and action on a particular issue. They define an issue as an event, development or trend that organization members collectively recognise as having some consequence to the organisation (Dutton and Dukerich, 1991, p.518). 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 and Dukerich, 1991). Externally originating issues such as changes in the regulatory environment or collective stakeholder action can cause an organization's collective identity to surface (Dutton et al., 1994). Based on their case study of how the Port Authority of New York and New Jersey responded to the issues of homelessness, Dutton and Dukerich (1991) found that both organizational identity and organizational image were central to understanding actions on and interpretations of an issue over time.

Organizational image is closely connected but distinct from organizational identity (Scott and Lane, 2000). As with organizational identity there is no universally accepted definition of organizational image. Organizational image has been conceived of as the way organizational member believe others see their organization (constructed external image); as the way that senior management want outsiders to perceive their organization (desired external image); and as the overall impression that an organization makes on external constituents (external reputation) (Scott and Lane, 2000). Gioia and Thomas (1996) suggest that the common thread among various conceptions of organizational image and identity is that organizational image reflects external appraisals of the organization, whereas organizational identity represents the perceptions of organizational insiders. For the purpose of this paper we focus on the concept of organizational image as constructed external image, which is the way that organizational members believe others see their organization. Drawing on the concept that organizational members use organizational image to gauge how outsiders are judging the organization, Dutton and Dukerich (1991), suggest that organizational members perception of a

deterioration in their organization's image can be an important trigger for organizational action, while organizational identity limits and directs this action.

We use the concepts of organizational identity (organizational members' shared perceptions of the distinctive and enduring characteristics of their organization) and organizational image (organizational member's perception of how others see their organization) to provide insight into the company's motivation for engaging with sustainability issues, the extent of their engagement with sustainability issues, and the integration of the sustainability process into the decision making processes and day to day running of the business. In conjunction with the concepts of organizational identity and organizational image, 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 (governments, regulatory agencies, stakeholders etc) for an individual organisation or a class of organizations (Kostova and Zaheer, 1999, Kumar and 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 (Lindblom, 1994, Suchman, 1995, Deephouse and Carter, 2005). However, the role of internal audiences in conferring legitimacy has also been recognised (Elsbach and Sutton, 1992, Kostova and Zaheer, 1999, Kumar and Das, 2007, Lu and Xu, 2006, Schaefer, 2007, Human and Provan, 2000). Johnson et al (2006) suggest that successful social innovations must first acquire legitimacy at a local level and then they may be carried and diffused into other local situations. The role of internal legitimacy has also been emphasised in the establishment of successful joint ventures and networks (Human and Provan, 2000, Kostova and Zaheer, 1999, Kumar and Das, 2007, Lu and Xu, 2006), and in the establishment of the related practice of social and environmental assurance (O'Dwyer and Unerman forthcoming)

Internal organizational members such as employees, managers, and directors make legitimacy evaluations that will effect their own level of commitment to an activity (Ruef and Scott, 1998, p.880, Elsbach, 1994). 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 and Palazzo, 2008). Weaver et al (1999) suggest that internal organizational members' commitment to CSR processes is essential to the integration of these processes into the everyday activities of the organization. They suggest that CSR processes that result primarily from external pressures are less likely to be integrated with routine organizational activities and can instead be easily decoupled from the organization's day to day activities. 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 and Das, 2007, Ruef and Scott, 1998). Weaver et al (1999, p.550) 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. Schaefer (2007) also emphasise the role of individual managers, suggesting that where there is unspecific external pressure for improved environmental practices and uncertainty on the part of the organisation on how to respond to these pressures, individual managers played a significant role in the adoption (or non-adoption) of environmental management systems. 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, specifically the employees, managers and directors of Musgrave which has lead 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. Strategies for gaining maintaining and repairing each type of legitimacy are also outlined.

Pragmatic legitimacy is concerned with the self interest of the relevant audience. At it's 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 and Das, 2007, Suchman, 1995). Related to this is influence legitimacy, a more socially constructed concept. In this case the exchange relationship is based on the audience's belief that the practice is responsive to their larger interest, rather than the specific benefits the practice provides (Brinkerhoff, 2005). This responsiveness may take the form of allowing certain constituents an opportunity to contribute to the development of the practice (Palazzo and Scherer, 2006)

or adopting the constituents' standards of performance (Suchman, 1995). A third form of pragmatic legitimacy is dispositional legitimacy, in this case the audience attributes certain positive characteristics to the practice, and perceive it as inherently "trustworthy" or "honest" and "having our best interests at heart" (Suchman, 1995).

Moral legitimacy centres on judgements about whether an activity is the right thing to do (Suchman, 1995, Brinkerhoff, 2005). 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. Again there are several variants of moral legitimacy. Consequential legitimacy involves judging a practice by what it accomplishes. Is the practice perceived by key constituents as "doing things right" by achieving valued and desired results (Brinkerhoff, 2005, p.3). In some cases it can be difficult to detect or measure the outcomes from a practice and in these circumstance practices can gain legitimacy by following socially valued, validated or mandated practices (Brinkerhoff, 2005, p.3). This procedural or technical legitimacy is derived from "doing things the right way" (Brinkerhoff, 2005, Suchman, 1995). While procedural legitimacy is particularly important in the absence of measurable outcomes, even when outputs are easily measured, positive moral value may still be accorded to practice which are perceived as employing the proper means and procedures (Suchman, 1995, p.580). Structural legitimacy is based on the perception that the practice as a whole has the capacity to perform specific types of work (Suchman, 1995, p.581). The practice is perceived as "right for the job" (Brinkerhoff, 2005, p.3). The final, less common, variant of moral legitimacy is personal legitimacy which involves the charisma of individual organizational leaders (Suchman, 1995, p.580). Constituents attribute moral legitimacy to a practice not because of its outcomes or the procedures it employs but due to the perceived personal legitimacy of the representative promoting the practice (Brinkerhoff, 2005, O'Dwyer et al., Forthcoming).

Cognitive legitimacy is based on cognition rather than on self interest or moral evaluation (Suchman, 1995, p.582). This type of 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. Appeals to constituents' self-interest can negate moral claims, and hollow moral platitudes may signify the evasion of pragmatic exchanges (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 and Das, 2007). As cognitive legitimacy is the most difficult to achieve it is also the most durable. The level of support required for the practice also influences the level of difficulty involved in gaining legitimacy. The legitimacy threshold for passive acquiescence can be quite low whereas for active support the legitimacy demands are more stringent (Suchman, 1995).

Legitimating Strategies for New Practices

Suchman (1995) identifies three broad strategies for building legitimacy. While each strategy involves a mixture of actual change to the practice and persuasive communication about the practice, they fall along a continuum of relatively passive conformity to relative active manipulation of constituent and their requirements (Suchman, 1995, p.587). The strategies include: efforts to conform to the requirements of existing audiences within the organizational environment; efforts to select among multiple environments to find a supportive audience; and efforts to create new audiences and new legitimating beliefs.

Conforming to the requirements of existing audiences entails making the process seem desirable, proper and appropriate within the existing organizational environment. Securing pragmatic legitimacy using this strategy involves either meeting the needs of various audiences or offering decision making access, or both. Occasionally pragmatic legitimacy may also be gained by leveraging a strong reputation in a related practice or the reputation of key personnel in previous endeavours (Suchman, 1995, p.588). Moral legitimacy can also be

pursued through conformity, in this case, to principled ideals rather than instrumental demands. Practices can build moral legitimacy by producing concrete, meritorious outcomes. Where such concrete outcomes may be difficult to achieve an alternate strategy is to align the practice with already legitimate structures and procedures within the organization or respected members of the organization. Cognitive legitimacy can be built through conforming to established models or standards. New practices can gain cognitive legitimacy through the formalisation of the practice and establishing links with the hierarchical structures within the organization. New practices may also be linked to or mimic external standards and authorities.

The second more proactive strategy involves seeking an environment where the constituents will support the practice as it is (Suchman, 1995). For pragmatic legitimacy promoters of the practice must identify and attract constituents who value the type of exchanges that the practice can provide (Ashford and Gibbs, 1990, O'Dwyer et al., Forthcoming). Pragmatic (influence-type) legitimacy can be pursued by recruiting co-option targets who are credible to key constituents but who are unlikely to demand significant changes to the practice (Suchman, 1995, O'Dwyer et al., Forthcoming). Moral legitimacy involves selecting and promoting moral criteria suited to selected constituents (O'Dwyer et al., Forthcoming). The goals of new practices can be oriented to meet moral criteria such as efficiency, accountability, confidentiality, reliability, responsiveness and so on according to selected constituent requirements (O'Dwyer et al., Forthcoming). Cognitive legitimacy involves gaining explicit certification for the practice. For example adopting the environmental management standard ISO14000 may help to secure the legitimacy of environmental management practices as the standard is based on the widely accepted quality management standard ISO9000 (Schaefer, 2007). Having obtained some of the legitimacy of the older, established standard the new standard could then convey some legitimacy on a new area of management practice which is subject to uncertainty and ambiguity (Schaefer, 2007, p. 532).

While most practices will gain legitimacy primarily through conformity and environmental selection, for some, these strategies will not suffice (Suchman, 1995, p.591). In such cases proponents of the practice must create new explanations for the practice. This requires the creation of new audiences and new legitimating beliefs (O'Dwyer et al., Forthcoming). Pragmatic legitimacy is generally the easiest form of legitimacy to manipulate and usually involves a form of "product advertising" (Suchman, 1995, p.591) aimed at persuading key

constituents to value particular aspects of practice (O'Dwyer et al., Forthcoming). Proponents of the practice may also engage in strategic communication to highlight (or exaggerate) the extent of constituents influence on the practice. Moral (consequential-type) legitimacy can be established by building a record of technical success. Strategic communication can also be employed to emphasise "attention-grabbing" (Suchman, 1995, p. 592) aspects of a practice or to highlight particular inputs into the practice where information about outputs is not available or not released. However, coalitions of organizations who actively promote a morality in which the practice's outputs, procedures, structures and personnel are respected and honoured are a more effective mechanism for gaining moral legitimacy than individual demonstrations of performance. Collective action is also needed to develop cognitive legitimacy. Cognitive legitimacy can be built by improving constituents' understanding of a practice through lobbying, advertising, litigation and scientific research. Proponents of a practice can enhance the comprehensibility of the practice through narratives and stories which "illustrate its reality' (Suchman, 1995, p.592, Golant and Sillince, 2007). Taken for grantedness can be promoted by encouraging isomorphism through the standardisation of practice (O'Dwyer et al., Forthcoming).

Organizational identity and the legitimation of new practice

New practices often face a deficit of legitimacy, this "liability of newness" (Aldrich and 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 and Fiol, 1994, Golant and 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 et al., 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). Emerging practices may initially suffer from a cognitive legitimacy deficit because in the early stages of the development of a practice the outcome of participation in the practice is highly uncertain (Golant and Sillince, 2007p, 1150). However, cognitive legitimacy can also be pursued through the use of narratives and stories which increase the comprehensibility of a practice and link the practice to more widely established sets of activities (Aldrich and Fiol, 1994, Golant and Sillince, 2007, Suchman, 1995).

Drawing on the concept of organizational identity as organizational members collective perception of an organization's distinctive values and characteristics; 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. Organizational identity can form part of the cultural framework that provides a plausible explanation for the existence of the practice and its outcomes. 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 and stories 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. The study was conceived of with the broad aims of gaining an understanding of Musgrave's motives for engaging in sustainability practices and reporting and how the process had developed within the company. Prior to engaging in field work an initial literature review was undertaken to gain an understanding of the existing empirical studies of sustainability accounting interventions. As the data collection and analysis process was undertaken the issues of organizational identity and internal legitimacy for the process emerged as key themes in the data, this informed further data collection and the research questions were refined to take account of these issues. A second literature review was undertaken to explore the literature on organizational identity and legitiamcy. This

review informed the subsequent data interpretation process and provides the theoretical base 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 Executive[3]; 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. In the early stages of the sustainability process the company drew heavily on the expertise of an external environmental consultant, who coordinated many of the initial projects and the reporting process, and continues to work with the company to the present day. 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.

In addition to the interviews, the case description draws on a number of documents: the standalone sustainability reports (five reports, published between 2001 and 2008); the annual financial reports published during the same period; the social and environmental polices; the company's mission statement; a book published by Musgrave on its history (White, 2001); and documents from internal meetings (including the minutes of EAT meeting, an EAT's workplan, and the EAT information for a monthly board meeting) An initial analysis of the documents available on the company's website (the sustainability reports; the social and

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[3] Referred to as the Environmental Executive

environmental polices; the annual financial reports; the company's mission statement) was carried out prior to conducting the interviews. The purpose of the analysis was to: provide background information for the study; gain an overall understanding of the organization; help in charting the evolution of the reporting process; identify any data relating to the motivation for producing the report; and inform the construction of the interview guide for the interviews. During the interview process documents were also obtained from several of the interviewees. Once the interviews had been conducted and analysed, all of the documents were read or reread and analysed in order to identify any common themes or inconsistencies between the interviewees' accounts and the documents, and to inform the writing of the case description.

Data Analysis

Data analysis was treated as a pervasive activity throughout the life of the study (Coffey and 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 and Atkinson, 1996, Silverman, 2006). Field notes were kept throughout the project, with the aim of firstly noting "any factors about the place, time and relationship with the interviewee that seem likely to be important to take account of when I come back to the data" (Jones, 1985: 58), secondly recording any problems or ideas that arose during each stage of fieldwork, and finally as a provisional record of analysis and interpretation (Spradley, 1979). On completion of the interview and transcription process all of the transcripts were read while listening to the recording of the related interview to ensure that the tapes have been accurately transcribed. Detailed notes were made during this process recording any significant insight or ideas in relation to the data. The transcripts were then 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.

These maps were useful in trying to retain a sense of the original context of the data. The codes were then linked to broader categories, split into subcategories or renamed and re-sorted as appropriate. The categories were then used to make pathways through the data (Coffey and Atkinson, 1996). 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. The company has approximately 3,400 franchised stores in Ireland, the UK and Spain. In 2008 the group's turnover was €4.8 billion and its franchisees generated sales of €7.1 billion. Including the franchised stores, Musgrave are Ireland's second largest employer with more than 35,000 employees. The Supervalu chain is the third largest grocery chain in the Irish market, in a market where there is stiff domestic and international competition. Each of the division have their own board and there is also an overall group board. Since the company's foundation in 1876 a controlling shareholding has been held by the founding family. Currently, approximately 75% of the shares are held by the Musgrave family with the remainder being held primarily by the company management and staff, and a small percentage held by a large commercial bank. Family members are not currently 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 and McNicholas, 2007). A pilot study (Uhlaner et al., 2004) of 42 small and medium sized Danish family companies sought to examine the respondents perception of influence of the family aspect of their business on their relationship with a variety of stakeholders. The study found that the respondents perceived the family character of the business as most frequently impacted on employee and client relationships (Uhlaner et al., 2004, p 190). The study also found that the companies in question were involved in a limited amount of CSR activity, which in most cases could be described as "small acts of kindness" (Uhlaner et al., 2007, p.192). The literature on family firms ascribes a range of characteristics to these firms which could theoretically influence their engagement with sustainability issues. Much of the literature on family companies argues that family companies have distinct characteristics which influence the way in which they are managed and controlled (Chami, 1999, Cromie et al., 1999, Chrisman et al., 2003, Ibrahim et al., 2004, James, 1999, Mishra et al., 2001). The differences between family and non family owned companies are most frequently attributed to the dual nature of family companies (James, 1999, Chrisman et al., 2003, Smith, 2007). Lansberg (1983, cited in Mitchell et al., 2003) suggests that within family companies two distinct subsystems coexist: the family system and the business system. The family system differs from the business system in areas such as the reasons for the existence of the firm, culture, decision making and acceptable behaviour rules (Sharma et al., 1996). Family performance expectations could include for example the need to provide employment for family members or maintain the family's reputation in the community (Mitchell et al., 2003). It is claimed that the existence of the family system can have a significant influence on the decision making process of managers and employees. Kang and Sorenson (1999) suggest that the owners of a family firm can exert a social influence on the managers of a company through "repeated interactions between owners and managers over time, and through the rich histories of relationships that may develop between owners and workers over several generations" (Kang and Sorensen, 1999, p. 136). Given the frequently overlapping roles of owner, manager and directors within family companies, non family managers within a family firm make decisions with the knowledge that eventually they will have to justify them face-to-face with the owners of the firm (Kang, 1998, cited in Mishra et al., 2001). Andrews (1971 cited in Chrisman et al., 2003) contends that within family companies strategic decisions are rarely made on economic grounds alone, the values and aims of both the owners and top executives also play a significant role. It is also

suggested that the decision making process may be quicker and more flexible within family companies while the timeframe for decision making is generally longer than in non family companies (Bartholomeusz and Tanewski, 2006, James, 1999, Mishra et al., 2001). Mitchell et al (2003) suggest that employees within family companies face more complex decision making processes than employees in non family companies as they have to be cognizant of both business performance expectations and family related performance expectations.

However, while the bulk of the literature on family companies argues that there are a raft of difference between family and non family companies, a recent empirical Australian based study by Smith (2007) suggests that there are fewer "actual" rather than "perceived" differences between family and non family companies than has been suggested by much of the extant literature. The literature on family companies often treats them as a homogenous group, however, Smith (2007) suggests that in many cases family companies are more similar to other companies in their industry than other family companies. 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 Issue of 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 and Dukerich, 1991, p.518) particularly in terms of cost and also in terms of environmental risk management.

So, then thinking further about the environment generally one could see that coming down the tracks government … were becoming concerned about the amount of waste, … there was obviously significant concern about the amount of waste, for example, specifically that was going into landfill and that this wasn't sustainable long term. I think that we, in Musgrave's we would try and be proactive in terms of trying to do something about that rather than be forced to be reactive when, perhaps, you may have some legislation and so on coming at you. (R3)

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. This concern about rising waste costs is also reflected in the company's first sustainability report in 2001:

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

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. There was also some activity in the company's other main Irish division (wholesale), which was coordinated through the franchise division's EAT. Again much of the early work that was carried out in the wholesale division was focused on waste management. The franchise division board had responsibility for the process and appointed one of its directors as an environmental champion. The director delegated most of the responsibilities for the process to one of his senior managers (we were unable to interview this person as they had left the company prior to our research commencing). Initially there was little support for the process within the division.

I seconded an excellent guy within my department, who had a great love for it, and genuinely had the passion. I didn't have the time, and I

certainly didn't have the passion that he had. And when we installed our EAT 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. But this guy stuck with it, and he actually drove it. (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 the lack of internal expertise in the area.

I think the biggest concern was just to try and understand where it was all going to lead to. Where are we going? We had no expertise, we had no in-house expertise. This was all pretty new stuff. So, how are we going to cope with all of that? And how would we know that we were on the right track and not trip ourselves up somewhere along the way? … They were certainly early concerns, yes, absolutely. (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 its warehouse and distribution centres the company saved IR£100,000. In 2007 the Environmental Executive estimated the annual savings from the company's waste management programme to be in the region of €3 million.

Engaging in sustainability practices also offered significant risk management opportunities concerning both the company's own operations and that of its franchisees. One incident during the early stages of the process was considered significant in demonstrating to Musgrave the need for environmental risk management:

> …they had an oil spill of … and it caused very, very little damage …
> they were extraordinarily luck in that it, it went into a surface water, the
> county council surface water sewer for managing rainfall and things like
> that but it got stuck basically in a hole or a sump that didn't, that wasn't
> supposed to exist in the sewer…. If it had gone down the sewer it would
> have gone into the Lee upstream of the water treatment plant and it could
> have cost … millions. So that was an instructive process. (R2)

As well as managing the environmental risk with their own business, there was also an opportunity to start to standardise waste management practices within the franchise stores. The nature of Musgrave's business, where there are over 800 franchised stores run by owner managers in Ireland alone, presents challenges to Musgrave in ensuring similar standards operate in all stores. In relation to waste management, there was a huge variety of practice across the stores (Musgrave, 2001, p.8). A sample audit of 30 stores carried out in the early stages of the waste management programme showed significant variations in practice "we got a huge range everything from almost criminal to really good". The company began recruiting stores for a common waste management contract and environmental issues were also added into the internal audits that are conducted on the individual stores. Setting out a waste management policy for their stores and getting a large number of stores onto a common waste management contract presented a risk management opportunity to the company.

> So, ah, I think their expectation was that they would have a similar I
> suppose set of guidelines or ground rules for their franchises in regard of
> environment and social then they would have say in regard of health and
> safety, hygiene a, accounting that sort of thing. So I think that's where
> they saw the immediate benefit and the most important benefit to them
> originally. (R6)

However, compared to its internal waste management programme the common waste contract and environmental training for franchisees were not as successful. Progress in the early stages was disappointing slow (Musgrave, 2001, Musgrave, 2002). Nonetheless the programme survived, began to gain more participants, and is currently still in operation with a large number of the franchisees now participating in the programme.

The moral legitimacy of the process seems initially to have been developed through a strategy of "doing things right" that is procedural legitimacy. 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. In late 1998 the company engaged a prominent external environmental consultancy firm, to quantify their environmental impacts and identify areas where they had environmental issues. The lead consultant initially became involved in managing specific environmental projects and developing an environmental policy for the company. Engaging external consultants was a means to develop the processes 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 the key internal constituents.

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 "passionate" 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" 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. The company's values were referred to frequently by the interviewees in explaining how the company operated and why it was motivated to engage with sustainability issues. "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". All of the interviewees perceived Musgrave as an open and honest company with a strong set of values:

> Our values would centre a round things like openness, honesty, not being greedy and working hard and I think all of those kind of values fit in and we've to live those values and they're well articulated on a pretty regular basis. So, they're pretty serious as far as we're concerned. And by and large, I think, you know, people live by them within the organisation. (R3)

References to Musgrave as a family business with a strong set of values permeate all of interviewees' accounts. The company's history and status as a family owned company were perceived as the primary influences on the company's culture and behaviour. The Musgrave family's own values were seen by the interviewees as the foundation of the company's values:

> I think it (the culture) obviously, I think, originates from the Musgrave family, Thomas and Stuart Musgrave who came to Cork back in 1886 and came from very humble surroundings in North County Leitrim. … the first couple of generations you can see how they lived very modest lifestyles, the business survived through very difficult trading periods, through the World Wars, things like this. And that probably setting the culture, although it was never described, I'm sure, in that way, but I think the culture that's there now that has evolved over years, I think, you know, when we describe it now and commit it to paper, things like working hard, yeah, these people work very hard, not being greedy. (R3)

The interviewees perceived the company as motivated by a desire to "do the right thing" and to discharge its responsibility to the community in line with the company's history of responsible behaviour and community involvement: "I often say at presentation and at meetings and things like that you know Musgrave were doing CSR before the word CSR, the phrase CSR was really coined" (R1). Two of the interviewees recounted the same story about

Musgrave's behaviour during World War Two, to illustrate its history of responsible behaviour. The company had stock piled tea (which was subsequently rationed) but didn't charge exorbitant prices for it:

> You know there's a story about them after the war in Cork where there was tea rationing and tea was a very valuable commodity and Musgrave had quite a bit of tea and could have sold it literally to the highest bidder and you know really could have profiteered on it. But what they did was they distributed the tea pro-rata based on what peoples' previous requirements were. They could easily have sold it for 10 times its value and as I say profiteered from it but they chose not to. And they, that's the same attitude they have in business. (R1)

Sending large amounts of waste to landfill was also seen as conflicting with the company's community commitments (particularly its sponsorship of the Irish Tidy Towns competition) and its social responsibility:

> then there was the whole aspect of corporate social responsibility, I suppose, and if on one hand we were actively promoting tidy towns and actively engaged in the promotion of a better environment generally, well then it seemed almost counterproductive to be putting waste into landfill if there were other ways of dealing with some of this. (R3)

The company was also perceived as being proactive and "passionate". The interviewees perceived Musgrave as an innovative company, which had a history of pioneering new business models and systems in the grocery industry in Ireland. The sustainability reports also include references to the company's history of innovation and leadership in the industry.

> I think that we, in Musgrave's we would try and be proactive in terms of trying to do something about that rather than be forced to be reactive when, perhaps, you may have some legislation and so on coming at you (R3)

All this starts in Musgrave's with a passion about something. Musgrave's tend to be a passionate business. Retailing is a bit passionate anyway, no matter where you are. And if Musgrave's have a passion for something, it usually works. You know, and in fairness to the business there are things that we have had a passion about even from a business imperative, and a payback period could be twenty years. But if we passionately believe that that is the long-term fix for our business, we will actually stick with it once we have the passion….. So we passionately usually believe in what we do. And usually there is a financial reward at the end of it, and that's not a bad thing because that makes you passionate about something else that's good. (R6)

The company was also perceived as taking a 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 attributed to its status as a family owned company:

It (taking a long term view) is the one single biggest fundamental reason for Musgrave's success, above anything else, it and its people. And there is absolutely, there is no debate or argument to it. A long-term view and it's people… we have never had any requests for capital shot down because of the length of return on investment, ever. Never…. (R6)

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 and it's only in the last again four or five years really that I've seen, that there's been a renewed emphasis on living the values through out the company" (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. "The values have always been more or less the same. But what has happened is the way they're taken on, environment and social has fit in with their company values" (R2). As the process developed it was perceived as helping to reinvigorate the company's culture and

values, and demonstrating to employees and the wider community that Musgrave lived by its values.

> I think what this initiative did was that it solidified the culture in many ways, in terms of this is another aspect and people within the organisation were able to say identify this and they could see rather easily that this is something that almost they would expect Musgrave to do. (R3)

> I think the fundamental values, the core values of the business are still the same, but now they mean more to people. (R4)

In 2001, the company published its first standalone environmental report for the year 2000. The company was, and still is, not obliged by any legal requirements in Ireland to produce these reports. Producing standalone sustainability reports was not a common practice for Irish companies (public or private) at the time (O'Dwyer and Gray, 1998, O'Dwyer, 2001) and it could be argued that Irish companies still lag their international counterparts in this regard (Maughan, 2006, Maughan, 2007, O'Dwyer, 2001, O'Dwyer and Gray, 1998, Sweeney, 2007). The initial decision to produce a report seems to have been prompted by a suggestion from the external environmental consultant:

> I think it was probably X (the external environmental consultant)….
> who introduced us to that particular report and recommended that we
> do it because we were actively involved and he felt it was something
> that would be well worth doing and would be good PR for the
> company as well, (R3)

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 (and has developed) as a mechanism for communicating the company's identity to internal constituents and also 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 reports were perceived as an important communication tool. While accepting that not everyone in the company was in the business going to read the report, the interviewees perceived the reports as being widely read among the company's directors and senior managers. The report and the sustainability process itself were seen by the interviewees as helping to improve communication between divisions and departments. As well as being a means of measuring the company's performance and improving the external image of the company, the reports are also a means of communicating the company's identity. The reports included accounts which illustrate some of the company's distinctive and enduring characteristics. The reports portray the company as a pioneer in the field of sustainability practice and reporting, and highlight any instance where the company has either been the first company globally or in Ireland to adopt a particular sustainability standard or initiative (for example adoption of the GRI guidelines, or joining the UN Global Compact Network) . The 2002 report also includes references to the company's history of pioneering (non-sustainability related) initiatives in the grocery industry in Ireland. Case studies of individual stores or towns, statistics on direct and indirect employment, and examples of community initiatives are used to highlight the company's current and historical record of community involvement, and emphasize the contribution the company makes to national and local communities.

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. Engaging in sustainability practices demonstrated to employees that the company "lived" by its values and the reports offered a mechanism for communicating aspects of 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.

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. The evolution of these systems can be seen in the sustainability reports which show progressively more sophisticated quantitative measures and reporting of performance relative to the company's targets. In some cases these systems were tied into the company's performance management systems. For example. if the transport fleet drivers reach the miles per gallon target they receive a year end bonus. Also if the franchisees meet Musgrave's recycling target they are given a rebate on their waste charges and if they exceed the target by 10% they are given an extra rebate. The company also began to consider the environmental impact of its suppliers, and started to develop a programme "Greening the Supply Chain" to audit their suppliers environmental performance (Musgrave, 2001).

In 2003, at the suggestion of the external environmental consultant the company appointed a Group Environmental Executive. The external consultant felt that "we were becoming too involved within the company and a lot of the responsibility was staying with us rather than company people. So it was becoming a little bit distant from their day to day activities." This issue of ownership was also reflected in comments from the leader of the original EAT.

> Yeah, I suppose for a number of years, in the early years, back to the
> early 2000, the environment again and I suppose corporate
> responsibility falling under that as well at the time was seen as
> belonging to the environmental action team. It was very much a self

contained team that, it wasn't taken too seriously in the early years.
(R4)

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. They now perceived the process as being driven from the top down:

> And I suppose the real turning point on that for me was the appointment of X (the Environmental Executive) that the company decided then to take the environmental issues then on a very serious basis … the appointment of a Group Environmental Executive under pinned that commitment. So, I suppose in the early days there was quite a lot of working from the bottom up and then in the last four or five years it's working from the top down, (R4)

> I suppose the fact that we seen it was a benefit, the investment in say having the role of Environmental Executive at group level. To help try and co-ordinate what went on in the business and also helps make decisions. It's quicker to get decision in the fact that now you have someone to liaise with at group, as opposed to using external consultants. So that's been a real change … in the last few years. (R3)

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. Musgrave was the first Irish company to sign up to the principles of the UN Global compact (Musgrave, 2002-2003). A policy was developed

on ethical trading and a new Social and Environmental Accountability policy was developed and published in 2006. As well as the ethical trading initiative, the main focus of the company's social initiatives seem to be charitable fundraising and community sponsorship, employee training, consumer awareness programmes (e.g. healthy eating programmes in stores) and supporting local suppliers (Musgrave, 2002-2003, Musgrave, 2006, Musgrave, 2008). While many of these social initiatives, including charitable donations, sponsorship and employee volunteerism, 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 developement of an increasingly sophisticated reporting system and reports which where compiled using external standards and were externally verified. The company's second report was the first report in the world to use the reporting framework developed by the Global Reporting Initiative (Musgrave, 2002). This report was also the first of the company's reports to be independently auditing by CSR network. The company's report for 2002 and 2003 (the report was changed to cover two years rather than one) included much more information on the company's social initiatives. As well as including more social information, the format of the company's reports have continued to develop and evolve. For example, the 2006 report included the results of a stakeholder consultation process. The reports show the development of the company's reporting systems as they have substantially extended their quantitative reporting over the years and they have also become progressively more sophisticated in terms of their publication quality. Naturally this has lead to increases in both the time and cost involved in producing the report. CSR network, the auditors of the report were seen as a source of advice on "best practice" in the area and credited with helping to develop both the reports and practice.

What we do … on the basis of things like the audit report and their management report is we would use that as part of framing our thinking for the next report or even we might use if to frame or change the way we do things on an operational level. (R1)

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:

I can remember … even asking that question – look, we're not going to become involved in producing a report unless we're prepared to stand over it, unless it clearly illustrates what we are doing and we're going to do into the future. And we have commitments, I remember that, you know, it wasn't a report for the sake of just producing and feeling good about it and then leaving it go on a shelf. It was going to have to have long life. (R3)

… those who do care feel that this report represent us very well. It's a clear honest open document and it describes this, the things that go on in the organisation and the good and the not so good things. (R1)

In fact initially the direct external feedback on the reports was disappointing. As one interviewee put it the early reports met a "wall of silence" (R2).

I would say that the feedback was disappointing in that we didn't get a lot, ah, that might be a good thing. But we had hoped that people would come back to us and say we liked this, we liked your report or we hated your report and we hated it because this, this or we liked it because this, this and this. But especially the first few reports they were, there was a wall of silence…. Ah, as the reports have got more mature I suppose, and I suppose presented in a better way and are more I suppose in tune with the stakeholder requirements, I suppose we have got more positive feedback. I don't think we had any negative

feedback on the last report, ahem but I suppose on the whole we've

had very little feedback. (R2)

Despite this lack of feedback, the majority of the interviewees perceived the sustainability reports as having enhanced the company's external reputation. The reports had influenced the interviewee's constructed external image of the company (how they believe others see the company). The interviewees sought to demonstrate the pragmatic legitimacy of the reports by portraying them as being broadly in the company's best interests as they projected the "right" image of the company. The company has won several awards for its reports, and other sustainability related awards. Most of the interviewees viewed the reports and awards in a positive light "… the reports have won …. a certain amount of awards I think that can do nothing but good for the company's image you know". The sustainability reports were seen as enhancing Musgrave's already positive external reputation and being useful in managing business relationships. Despite the lack of direct feedback on the reports to support their claims, several of the interviewees sought to demonstrate the pragmatic (exchange type) legitimacy of the reports by emphasising the benefits of the report in managing key external audiences. The reports were perceived as a useful tool when introducing the company to new business contacts. A number of interviewees sought to link the reports to the successful acquirement of finance for an acquisition and the retention of an important sponsorship. These interviewees believed that the reports were helpful in creating a positive image of the company with lenders. The reports were also perceived as useful in managing the company's relationship with the Department of the Environment and helping them to retain an important sponsorship.

…. if you go to any meeting now people are always handing out copies

of this. So when we have meetings with banks or with insurance

companies those hosting these meetings will always say look here's a

copy of our sustainability report because they feel its says about us

what they want people to think about us. (R1)

However, the positive influence of the reports on the constructed external image of the company 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. Like they are damaging the environment by having to dispose of them. If the original passion behind it isn't genuine. (R6)

> Those awards are absolutely worse than useless for our business. They haven't added one cent of value, they've added shit loads of cost. It's nice to go to Dublin and get your photograph in the paper. Other than that they have no value. What's important there is that we're recycling 65% of the stuff. That we have all our shops geared to be environmentally friendly. You know and that's what's important there, not awards. (R6)

This view also reflected a debate that was happening internally at the time of our interviews (2007) about the purpose of the company's reports.

> And this is something now that we're, we're challenging ourselves, we're saying okay we produce these expensive, accurate, technical documents but do they really make a blind bit of difference to the average person in the street? (R1)

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.

> We're one of weakest, I suspect is in, in the whole consumer discussion …
> we're not good at telling them the good things that we do.

Initially, communicating their sustainability initiatives to the consumer wasn't perceived as a key objective when Musgrave embarked on its sustainability practice and reporting. However, the issue of consumer recognition and the method and purpose of the reports was

now perceived by one of the central participants in the process as being a focus of senior management debate. It seemed to be almost a preoccupation for this interviewee and was an issue he returned to many times during the interview:

> But I definitely feel that we are at a crossroads in terms of reporting and whether, whether our next report will be like this or whether it will be more consumer friendly, that debate is happening internally at the moment. (R1)

This concern seemed to have been prompted partly by the perception that Musgrave's competitors were generating far more publicity with superficial sustainability policies and practices while Musgrave were not getting the appropriate consumer recognition for their more genuine efforts.

> And I thing it's particularly so on the retail side because there is that recognition out there that maybe we've allowed our competitors to paint themselves more green then they used to be kind of thing and at our expense. (R1)

The discussion of the role of the reports provides insight into the potential for conflict between legitimacy types. Again the pursuit of the pragmatic (exchange type) 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 the interviewee accepted the need to improve communication with the consumer there was also a resistance to "telling nice little good new stories without having the robustness behind that" (R1).

> I'm not for dumbing down the report. I'm not for going away from the GRI, because I think the GRI, the one great thing that it does is it keeps you straight, it stops you from swaying towards telling a nice story and being afraid to show what your failings are. And there are too many CSR reports out there written as very glossy, aren't we great type

documents. And I think what that does is it devalues the good stuff you know. So, it is, it is a challenge there is no doubt about it, that we now, now have to really think laterally on this and decide how are we going to capture the benefits for this opposite consumers. (R1)

This resistance to changing the reports and the desire to maintain the standard of the reporting process and the reports also arose in relation to the stakeholder consultation report. Based on a suggestion from the reports' auditors the company carried out a stakeholder consultation process for its latest report in 2006. The process involved identifying a core group of stakeholders: shareholders, franchisees, employees, suppliers and consumers. Once the core stakeholders were identified, specific stakeholders were identified and phone interviews were carried out with them. Even though part of the aim of the survey was to reduce the volume of the sustainability report by focusing on areas that stakeholders considered important, ultimately this wasn't done:

In reality even though we did this so as we could potentially reduce the scale of the report we still went ahead and almost overrode what people, where people had said they didn't want to hear about things, but we said we're going to tell you anyway. And that was purely because of pride I think, you know we were saying well, you know we certainly didn't want to dumb down the report. We don't want to make it weaker then it was two years ago, we wanted, you know bigger and better is the element kind of thing, is our attitude to this. And we knew, there's a competitive attitude to this as well you know this what the last report looked like so this one must be better and we won the last ACCA awards so we want to win it again this year kind of thing, so we're not going to let our stakeholders prevent us from doing that.

Where the reports did seem to have generated positive feedback was with the Musgrave family. All of the interviewees perceived the sustainability process and reports as being well received by the Musgrave family:

The family loved it (the report), the family loved it and the family almost any feedback from the family and through the family spokesperson have been extremely good and they loved it.

There was awareness that the sustainability reports represented not just the company but the Musgrave family as well.

Its one thing, its one thing if you're, if you writing a report for a listed company and you know you've got a board and you've got shareholders and everything else. It's another thing to puts someone's name on your report because this is Musgrave Group, these people are real people. The Musgrave family are real, they're in this business. And if you say something or you reflect, its one thing to reflect on a company in a negative way perhaps, it's an entirely different thing to offend an individual. (R1)

The interviewees felt that the report help to meet the family's expectations in relation to both the family's and company's image

They're always extremely complimentary and they feel this is how they want to be portrayed, this is how they feel they are and this how they feel their vision of how their business should operate, should be portrayed … I suppose they're, they have an attitude which is very, very conservative and they have a view that this is how they want themselves to be portrayed. They're conservative in business but they're also conservative where the environment is concerned and they want to do things the right way. (R1)

The Musgrave family were perceived as having been supportive of the company's practices right from the start of the sustainability process. The perceived approval of the sustainability process and reports by the Musgrave family was an important source of legitimacy for the process. The Musgrave family are the company's most powerful and influential stakeholder and represent highly credible co-option targets. Their support for the process was particularly

important in gaining legitimacy for the process among the company's directors and senior management. "Yeah, it was the family pushed it originally through the (group) board. And, the original presentation we made to Musgrave's board had family members present … And, they were very interested" (R2). In 2006 the company finished building its new head quarters. The company decided to build in an environmental friendly way and the Environmental Executive project managed the project. The building now uses less then 22% of what a conventional office of its size will in terms of water and energy management. The project was perceived as a huge success by the interviewees and when it opened won the Building of the Year from Sustainable Energy Ireland. However because of the environmental criteria the design and building of the office ran over budget. The Musgrave family were perceived as being supportive of this extra cost.

> So they generally, are … very supportive as well you know. I mean
> when we designed this building here they had no hesitation in spending
> all of this extra money because they felt we are who we are and we, we
> want to sort of exhibit what we say, so here's an opportunity for us to
> put into practice what we say we believe in. (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 company continued to develop its environmental initatives, for example it was running a pilot project for biofuels in one of its transport fleets, had signed up to the Courthall Commitment and was trialling a food waste recovery programme. The sustainability process was seen as having brought significant benefits to the company pragmatically in the form of cost savings. The process was also portrayed as being in the best interest of the company by helping the company "live" its value and meeting the expectations of the Musgrave family. Sustainability practices were becoming integrated into the daily activities and decision making processes. The interviewees perceived a growing awareness of sustainability (particularly environmental) issues throughout all levels of staff within the company and a greater incorporation of these considerations into the decision-making processes within the company. There was a "recognition that there is something else out there, it's not all about cost, it's not all about quality of the product that there is an, another area, another sort of consideration to be taken into account."(R1) The Environmental Executive found that his

advice was being increasingly sought out by managers within the company in relation to new projects or procurement:

> … what does kind of happen nowadays is that people will ask for advice or guidance.. We're building another building in another site, so the first thing that people internally ask themselves is there anything that we can, information that we can leverage from Musgrave group that will help us. And you find yourself sitting with people and giving them pointers and that's now influencing the way that building is being designed. Now in the past that building would have been built they would have looked at floor area, furnishing, fit out, all of that. Energy, energy efficiency, you know, heat loss all of these things would not have been considered as important. So you know that's the change. We have person here…who is head of procurement and who buys things for the business. We looked at buying energy, so she came to me 'look we are buying energy is there something we should be doing or be looking'.

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:

> I think quite a lot of ideas are coming from the top down, that the management team themselves are deciding well, we need to start looking at key areas and then delegating that responsibility down through the team, through X (the Environmental Executive). So, there has definitely been a sea of change in terms of attitude towards environmental and corporate responsibility issues, (R4)

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:

> Well changing of the mindset of people who would have traditionally
> used compactors and wouldn't have worried about recycling, and to
> get even that initiative going, once you started it, it was amazing to see
> the number of people coming up with ideas and saying 'Oh can we
> you know what can we do with the cans we use from the drinks
> dispenser machine in the canteen? And by the way if I've batteries at
> home can I bring them back?'(R3)

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. And that's a frustration
> but we're starting slowly to get into all of these kind of areas. (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 were still problems with resistance, ownership, and resources. 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 Belfast somebody saying
> well this policy is all well and good, ….. but it doesn't really apply up
> here.(R1)

Environmental issues were still perceived to be the responsibility of the environmental team and not necessarily something that needed to be considered in the day to day running of the company:

> There is also a fundamental thing in that in the early days … many,
> many people … saw that the environmental issues were the

responsibility of the environmental team which sort of sat over there, and therefore like if there was an environmental problem the environmental team would sort it out. (R1)

The key resourcing problem still concerned staff time and gaining and maintaining peoples' commitment to the EATs:

So the biggest difficulty is maintaining or retaining knowledge and commitment on the team. Occasionally people slip off for one reason or another, they may be assigned to a new project somewhere they can no longer afford the time. (R1)

All of the EAT members including the team leaders had other full time roles within the company. For example, the leader of franchise division's EAT was the division's health and safety manager and the leader of the wholesale divisions EAT was the quality manager. They perceived team motivation as a large part of their role:

I suppose my real role (leader of EAT) … is to try and keep the members motivated to a certain degree because it is part time because it's not part of their roles as such so it's to try and keep the teams motivated (R4)

As well as time constraints, new recruits to the EATS were perceived as being anxious about engaging in this new area:

The difficulties comes in that sometimes people are appointees to the team are very busy elsewhere and they feel somewhat vulnerable when they come onto a team like that because they say to themselves well I'm not an expert in environment so how can I be expected to deliver or to perform or whatever. (R1)

Similar issues with staff time and uncertainty arose in the reporting process. The external consultant who was responsible for the collation of the first two reports found that there were issues arising from the fact that this was a new and unfamiliar process:

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There were a lot of questions on why are we answering this and what's this got to do with us, because of the different way the GRI is set up. Initially there was what's, this has nothing to do with us, why are we even saying this. And I said well it's a standard set of guidelines and they ask you to deal with everything. (R6)

Even though at the time of the interviews the company had produced four reports, the Environmental Executive who is now responsible for the collation of the reports found that people still had difficulty in understanding what they were being asked for. In order to compile the report information was requested from various departments (e.g. Finance, HR) within each division, and "one of the biggest problems they have is actually understanding the information that is being asked for because its not numerical its very often narrative type information they are being asked and a combination in some cases of both narrative and numerical."(R1) Again, difficulties in terms of people's time were still encountered:

The biggest problem we have is that the people, the people who are charged with doing this are busy people. They've got other people screaming at them for other types of information and its very often unfortunately the environmental information is the, the stuff that gets left til last, and you're continually haranguing and harassing people and looking for this, the, and I think its just because of the nature of the business. (R1)

While staff time remained a persistent problem, funding for projects or budgetary constraints were not perceived as a significant problem for the process. The pragmatic (exchange) type legitimacy of the process (rather than the reporting) based primarily on the substantial cost savings to the business was now well established. The perception of the interviewees in relation to the funding of the process was that there were substantial budgets available to the EATs, "the company gives us a relatively large budget to work" (R4). Unsurprisingly this willingness to invest in projects was linked to the fact that the projects would generate environmental benefits and cost savings "in fairness … when you can demonstrate to them that something is cost effective and will make a difference there's no problem about investment in it" (R2). The interviewees were quick to stress that the benefits of the process out-weighed the costs, particularly in the area of waste and energy management:

> There are costs but then there are benefits if I look at things like waste management. We put a lot of time, effort and expense into waste management but what we save in return far and away out weighs that.(R1)

The cost savings from the process continued to be an important source of pragmatic (exchange type) legitimacy for the process. Emphasising the practical benefits of the sustainability process in particular the cost savings from the environmental management systems 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:

> I certainly see as the organisation is evolving we are, it's easier, it's
> becoming easier in some respects. Of course you've always got even at
> a very senior level you've got the doubters but the way, the way
> around that of course is you show what you deliver ….. we're
> showing them that that no only are we cutting their emissions but
> we're saving them money on their energy bills, well that gets attention,
> and people are more inclined to listen to you when they think you're
> maybe going to deliver benefits to their business and you're not just a
> green tree hugger, you know or that kind of thing. And I always you
> know, my background its not you know in tree hugging its more in

business. I approach it from that perspective and I think your
credibility is probably stronger if you do it that way.

The Environmental Executive played an important role in continuing to build 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". The formalised policies 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. However there maybe things in here that have less relevance for
you then others and you must weight your policy, or sorry work plan in
the directions you feel necessary. But all the time recognising that all
of the policy applies to you.

The strategy of linking the process to the group and division boards continued to be used to build the cognitive legitimacy of the process. The Environmental Executive often worked with staff who did not report directly to him and who were busy with their own roles and felt they didn't have time for this, or who perceived sustainability issues as the responsibility of the EATS. In these cases he emphasised the commitment of directors to sustainability practices:

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

Getting the support of the division boards and management was seen as crucial in trying to get projects completed and also in trying to overcome the problems of ownership and staff time:

the only way you can really, really or realistically get projects done is by embedding them in the department where they need to reside and that they are driven by the director with responsibility for that department. (JC p. 26)

What I would tend to do is leverage at board level and say guys you know if you want this to be a success you have to make sure that the team is populated with the right level and people who can get work done.

Once people did became involved in sustainability projects or the EATs the perception was that they saw that there was "no black art in this" and the anxiety they felt due to being involved in an unfamiliar area began to dissipate as they started to see the "common ground" between the process and their own roles.

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

Tackling the issue of ownership of environmental issues was helped by the growth in the general awareness of environmental issues in Ireland. As the sustainability process developed with Musgrave there was also a growing public awareness of environmental issues in Ireland. For example, domestic pay by weight waste charges were introduced from 2005, this sparked a vast amount of public and media debate. The Irish Government had also launched its "Power of One" energy awareness and conservation campaign. This helped to emphasise that "everybody has responsibility for the environment"(R4). These external initiatives couple with the general rise in attention to environmental and sustainability issues became part of a framework within which the sustainability practice "made sense" and was the "right thing to do". One of the senior managers recognised that employees' rising awareness of environmental issues offered a "hook" when trying to manage operational issues:

I'd a very interesting discussion, and it taught me a lot. We have built a new store, a very big store and obviously he's (the owner) come from a much smaller store. …. But his energy bill is crazy. …. in discussion with him I discovered that when we deliver in at half five in the morning, somebody come in and they just put their hand down a bank of switches, and they illuminate his building inside and outside. And it's lit for about two hours before any customer ever comes into the store. So, it's actually a huge cost. So, it's actually an operational management issue…. So, he called a meeting, and of course they literally said go away….. So, I said to him, why don't you call another meeting? And go down the route of that, what can you do for the environment? Not for my ESB bill. And he called a meeting, and they all listened … And it was actually that he had a genuine hook, because him saving money was not a hook for them. … But he had a hook of here you are, you can make a point. You can make a big contribution to the environment you live in, we can save that much electricity. And he said there were actually suggestions coming back, so there was a complete reverse, because they believe in not turning on the switches and making a difference. (R6)

The company also sought to expand the scope of its sustainability practices by engaging with its suppliers and franchisees. Examples of this activity include the provision of waste contracts to franchises, the inclusion of environmental measure in the operational audits of franchisees, a conference with suppliers titled the "Greening the Supply Chain" was held in 2002 and more recently ethical trading initiatives have been undertaken. These initiatives have meet with varying levels of resistance and support. While suppliers and franchises were perceived as receptive to the discussion of such issues, active support for specific initiatives was less forthcoming. The company's franchisees were viewed as having mixed reactions to the process, some were very interested and others not at:

So unfortunately there are retailers out there who don't buy any of this, who don't buy CSR the way that we do. They just see it as noise, distracting them from the main goal of business. … it's such a fast

paced business, huge pressure and trying to maintain their business they just cannot distract themselves with this sort of stuff. (R1)

Again the very nature of the franchise relationship presented a challenge in trying to establish sustainability practices. The supermarkets are run by owner managers who, in this area at least, had a certain amount of choice as to how they wished to operate. The company can't just "issue a dictate from head office that from today we are going to do this and that's what happens."(R1)

There were also mixed perceptions of the suppliers' reactions to Musgrave's sustainability process. While some suppliers were interested that didn't always mean they wanted to become actively involved in the process. Many suppliers were seen as being wary of the process and reluctant to engage with Musgrave around these issues due to a fear of increased costs.

… suppliers are generally fearful. It's a strange thing, slightly fearful when they see things, that a company has a very strong environmental or CSR stance because they immediately think what impact negatively is that going to have on us from a financial perspective so in other words are these guys going to be insisting that we do this, that or the other….And there's always an assumption that by imposing CSR requirements on our suppliers you're going to increase their costs and if you increase their costs but don't increase their income you reduce their margin, and that's, that's the sort of big issue for a lot of suppliers.

However, despite this perception of reluctance on the part of the suppliers, there were now some individually successful initiatives with suppliers running in the company. The interviewees involved in running these projects perceived suppliers as being quite interested and willing to engage. However, these projects appeared to provide direct (exchange) benefits to the suppliers. For example one particular project involved a supplier to the company who was involved in a new bio-fuels project and wanted to source used cooking oils, Musgraves facilitated the advertising of this service to its franchisees.

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 and image the paper examines the company's internal motivations for engaging in sustainability reporting, and responds to Bebbington et als (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 family ownership of the company provides the context within which this identity has developed. 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 and Whetten, 1985, Ashforth and Mael, 1989, Hatch and 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 be come 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 actual 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 and Fiol, 1994) It was perceived as an unfamiliar area with few precedents in the industry 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 (exchange type) legitimacy with internal constituents centred on the benefit cost savings associated in particular with the waste management. During the early stages of development the legitimation strategies focused on building the moral and pragmatic legitimacy of the practice. At the time of our interviews the exchange benefits (pragmatic legitimacy) 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, has also helped to establish his credibility. The development of the structures, procedures and policies for the process has 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 with in 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 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 (self-interest type legitimacy), 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. The Musgrave family were a key co-option target in building legitimacy for the process. 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 (personal type) legitimacy through association with the company's most powerful and influential stakeholders. 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. Active support from the franchisees and suppliers was less forthcoming, however, this did not seem to have hindered the development of the internal legitimacy of the process. This lack of support did hamper the span of integration of the sustainability process through out the company's supply chain. The internal integration or depth of the process 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 with in 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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