Approaches to Global Sustainability, Markets, and Governance
Series Editors: David Crowther · Shahla Seifi

David Crowther
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Tracey Wond *Editors*

Responsibility and Governance

The Twin Pillars of Sustainability

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Responsibility and Governance: The Twin Pillars of Sustainability

David Crowther, Shahla Seifi and Tracey Wond

Abstract Responsibility possesses a dual role within our twin pillars of sustainability. Not only does it stand as a pillar in itself, but, responsibility is central to the notion of good governance. This chapter expands on previous efforts to define the role of responsibility in this twin pillar construct and posits it as a pivotal construct (Aras and Crowther in Journal of Business Ethics, 87(supp 1), 279–288, 2008a, Journal of Social and Environmental Accounting, 2(1), 19–35, 2008b; in: Crowther et al. (eds) The goals of sustainable development: responsibility and governance, Springer Nature, Singapore, 2017). In this chapter, the concept of the pillars of sustainability is explored by first acknowledging the Brundtland pillars and then proposing a different set of pillars. In this proposal, the suggestion is made of only two pillars: those of governance and responsibility. We argue that focusing on these two leads to an understanding of the needs of sustainability. In doing so, this chapter outlines the focus and argument of the book and introduced the subsequent chapters.

Keywords Sustainability · Corporate social responsibility · Governance Responsibility

1 Introduction

Our society has continued to act in a way that is not sustainable. This is manifested in the overshoot of our planet's sustainable limits. Despite warning that our ecological footprint was, and still is, growing at a vast and unsustainable rate, we have pursued the 'business-for-usual' scenario outlined in 'The Limits to Growth' (Meadows et al. 1972), taking little action to address these concerns. Indeed

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President Macron in his 2018 speech to US Congress[1] made this point and emphasised that there is no Planet B. A post-mortem of how this happened and who is culpable might blame greedy shareholders, perceptions of economic wealth, consumerism, and ineffective political and policy intervention. Such theorising has occurred, in plenty, yet, as others have observed, what is needed now is not words and rhetoric, but collective action from citizens, organisations and governments (Komiyama 2014; Milne et al. 2009).

Corporate social responsibility (CSR) has been in mainstream existence for around 65 years and over this time has attracted much attention from practitioners and scholars (Wang and Gao 2016). Indeed, it is difficult to find another concept that has been as pervasive or potent as CSR. CSR has crept from the concern of business leaders as a strategic activity concerned with marketing, and accounting and finance, into a much broader concept influencing many other aspects of business (e.g. supply chain and operations management) and other sectors (e.g. justice/law).

However, some have professed that ‘CSR is dead’ (famously, Peter Bakker, the President of the World Business Council for Sustainable Development). Instead, concepts such as sustainability have prevailed. Whilst CSR, as a label, appears to be losing popularity, and concepts such as sustainability appear to be prevailing, CSR has brought us a long way and some may argue we are seeing more of a relabelling—old wine in new bottles (Rasche et al. 2017). CSR has provided a platform for the legitimisation of corporate and government action (as Rendtorff discusses in Chap. 4), leading to much-needed criticism that corporations have engaged with CSR for the wrong reasons (strategic legitimacy, reputation, etc., over values), as opposed to ‘actually exhibiting…concern through actions taken’ (Crowther and Martinez 2004, p. 104). More recently, CSR can be observed to have provided a foundation for the extension of other sustainable development activity, including the growing notion of cradle-to-cradle product lifecycles, the circular economy, greater integration of sustainability into supply chains, and focus on design for sustainability.

This chapter explores the role of responsibility within our twin pillar construct (which views responsibility and governance as the twin pillars of sustainability). Given these concepts are pivotal to our book series (see Crowther et al. 2017), we elaborate and develop the meaning of responsibility in the evolving sustainability context. Finally, we conclude with several directions for the future of sustainable development and our twin pillars. The evolution of society towards sustainability is appreciated in this chapter.

2 Sustainability

One of the most used words relating to corporate activity at present is the word sustainability. Indeed, some would argue that it has been so heavily overused, and with so many different meanings applied, to it that it is effectively meaningless.

[1] 25 April 2018, reported by the BBC news and most newspapers worldwide.

Thus, the term sustainability currently has a high profile within the field of corporate activity. Indeed it is frequently mentioned as central to corporate activity without any attempt to define exactly what sustainable activity entails. This is understandable as the concept is problematic and subject to many varying definitions—ranging from platitudes concerning sustainable development to the deep green concept of returning to the 'golden era' before industrialisation—although often it is used by corporations merely to signify that they intend to continue their existence into the future.

The ubiquity of the concept and the vagueness of its use mean that it is necessary to re-examine the concept and to consider how it applies to corporate activity. In this chapter, therefore, we do just this—examining what is meant by sustainability—and looking at the various aspects of sustainability. For us, there are two aspects to this—corporate actions and their consequences; and the distribution of the benefits accruing from such corporate activity. Furthermore, both have to be set not just within the sphere of the corporation itself, or even the wider context of its stakeholders but also within the widest geospatial context—that of the global environment.

There is a considerable degree of confusion surrounding the concept of sustainability: for the purist sustainability implies nothing more than stasis—the ability to continue in an unchanged manner—but often it is taken to imply development in a sustainable manner (Marsden 2000; Hart and Milstein 2003) and the terms sustainability and sustainable development are for many viewed as synonymous. For us we take the definition as being concerned with stasis (Aras and Crowther 2008a, b); at the corporate level if development is possible without jeopardising that stasis then this is a bonus rather than a constituent part of that sustainability. Moreover, sustainable development is often misinterpreted as focusing solely on environmental issues. In reality, it is a much broader concept. Sustainable development policies encompass three general policy areas: *economic, environmental and social*. In support of this, several United Nations texts, including the 2005 World Summit Outcome Document, refer to the '*interdependent and mutually reinforcing pillars*' of *sustainable development* as *economic development, social development and environmental protection*.

For over 30 years now, the prime document detailing sustainability and sustainable development has been the Brundtland Report (WCED 1987) because there is general acceptance of the contents of that Report and because the definition of sustainability in there is pertinent and widely accepted. Equally, the Brundtland Report is part of a policy landscape being explicitly debated by the nation states and their agencies, big business supra-national bodies such as the United Nations through the vehicles of the WBCSD[2] and ICC,[3] (see, for example Beder 1997; Gray and Bebbington 2001). Its concern with the effect which action taken in the present has upon the options available in the future has directly led to glib assumptions that

[2] World Business Council for Sustainable Development.

[3] International Chamber of Commerce.

sustainable development is both desirable and possible and that corporations can demonstrate sustainability merely by continuing to exist into the future (Aras and Crowther 2008a). It is important, therefore, to remember, the Brundtland Commission's (WCED 1987: 1) definition of sustainable development that is the most accepted by everyone and used as the standard definition of sustainable development:

> …development that meets the needs of the present without compromising the ability of future generation to meet their own needs.

This is the standard definition of sustainable development which has been taken up by everyone subsequently. This report makes institutional and legal recommendations for change in order to confront common global problems. More and more, there is a growing consensus that firms and governments in partnership should accept moral responsibility for social welfare and for promoting individuals' interest in economic transactions (Amba-Rao 1993).

At a similar time, all corporations are becoming concerned about their own sustainability and what the term really means. Such sustainability means more than environmental sustainability. As far as corporate sustainability is concerned then the confusion is exacerbated by the fact that the term sustainable has been used in the management literature over the past 30 years (see for example Reed and DeFillippi 1990) to merely imply continuity. Thus, Zwetsloot (2003) is able to conflate corporate social responsibility with the techniques of continuous improvement and innovation to imply that sustainability is thereby ensured. Consequently, the trajectory of all of these effects is increasingly being focused upon the same issue.

Sustainability is, of course, fundamental to a business and its continuing existence. It is equally fundamental to the continuing existence not just of current economic activity but also of the planet itself—at least in a way which we currently understand. It is a complex process, as we have discussed. Moreover, it is a process which must recognise not just the decision being made in the operational activity of the organisation but also the distributional decisions which are made. Only then can an organisation be considered to be sustainable.

Others have tended to assume that a sustainable company will exist merely by recognising environmental and social issues and incorporating them into its strategic planning. According to Marrewijk and Werre (2003) there is no specific definition of corporate sustainability and each organisation needs to devise its own definition to suit its purpose and objectives, although they seem to assume that corporate sustainability and corporate social responsibility are synonymous and based upon voluntary activity which includes environmental and social concern.

Sustainability, therefore, implies that society must use no more of a resource than can be regenerated. This can be defined in terms of the carrying capacity of the ecosystem (Hawken 1993) and described with input—output models of resource consumption. Thus, the paper industry, for example has a policy of replanting trees to replace those harvested and this has the effect of retaining costs in the present rather than temporally externalising them. Similarly, motor vehicle manufacturers have a policy of making their cars almost totally recyclable. Viewing an organisation as part of a wider social and economic system implies that these effects must be taken into account, not just for the measurement of costs and value created in the present but also for the future of the business itself.

Such concerns are pertinent at a macro level of society as a whole, or at the level of the nation state but are equally relevant at the micro level of the corporation, the aspect of sustainability with which we are concerned in this work. At this level, measures of sustainability would consider the rate at which resources are consumed by the organisation in relation to the rate at which resources can be regenerated. Unsustainable operations can be accommodated for either by developing sustainable operations or by planning for a future lacking in resources currently required. In practice organisations mostly tend to aim towards less unsustainability by increasing efficiency in the way in which resources are utilised. An example would be an energy efficiency programme.

There have been various descendants of Brundtland, including the concept of the Triple Bottom Line (Aras and Crowther 2008b). This, in turn, has led to an assumption that addressing the three aspects of economic, social and environmental is all that is necessary in order to ensure not just sustainability but to also enable sustainable development. Indeed the implicit assumption is one of business as usual—add some information about environmental performance and social performance to conventional financial reporting (the economic performance) and that equates to triple bottom line reporting. And all corporations imply that they have recognised the problems, addressed the issues and thereby ensured sustainable development. This implication is generally accepted without questioning—certainly without any rigorous questioning. One is the Triple Bottom Line—the 3 aspects of performance:

- Economic performance
- Environmental performance
- Social performance

It is recognised in the financial world that the cost of capital which any company incurs is related to the perceived risk associated with investing in that company—in other words, there is a direct correlation between the risk involved in an investment and the rewards which are expected to accrue from a successful investment. Therefore, it is generally recognised that the larger, more established companies are a more certain investment, and therefore, have a lower cost of capital. This is all established fact as far as finance theory is concerned and is recognised in the operating of the financial markets around the world. Naturally, a company which is sustainable will be less risky than one which is not. Consequently, most large companies in their reporting mention sustainability and frequently it features prominently. Indeed it is noticeable that extractive industries—which by their very nature cannot be sustainable in the long term—make sustainability a very prominent issue. The prime example of this can be seen with oil companies—BP being a very good example—which make much of sustainability and are busy redesignating themselves from oil companies to energy companies with a feature being made of renewable energy, even though this is a very small part[4] of their actual operations.

This relates also to governance as there is increasing evidence that corporations with strong governance have a sustainable advantage which translates financially into benefits in the form of a lower cost of capital. It is, therefore, reasonable to argue that these two factors of responsibility and governance form the twin pillars of sustainability and it is the purpose of this book to explore this argument. This is achieved through the various contribution which are contained within.

3 Responsibility

3.1 The Dual Role of Responsibility—Both Governance and Pillar

In this book, we raise the question of the triple pillars of sustainable development and look at an alternative. Previously in this book series (Crowther et al. 2017; see also Aras and Crowther 2008a, b), four components of good governance and their significance to sustainability were highlighted:

- Responsibility;
- Transparency;
- Accountability;
- Fairness.

Most organisations whether public, private or not-for-profit have structures that distribute power, responsibility, oversight and ultimately accountability (Steger and Amann 2008)—i.e. governance structures. Whilst discussion on corporate governance has prevailed (Brennan and Solomon 2008; Tuan 2012), particularly in the CSR discourse, the rationale for governance in other settings is similar.[5] There have certainly been different catalysts towards governance, in the private sector, ensuring shareholders' interests are protected, and responses to corporate scandals are some of these. In the public sector, public reform (such as new public management), and a heightened emphasis on the notion of 'the taxpayers' money' have impacted on the governance systems and structures that we see in many countries today.

Corporate governance has become a 'vehicle for integrating social and environmental concerns into the business decision-making process' (Tuan 2012, p. 548). There is greater recognition that shareholders do not solely seek to maximise their personal wealth. Indeed, several studies have explored how social

[4]It needs a very careful reading of the annual report to discover this.

[5]Although corporate governance recognises the economic motivations of business, and, the pursuit of profit prospers, whereas other forms of governance such as clinical, and public governance are not likely to prioritise profit.

concerns attract investment (Johnson and Greening 1999; O'Neill 2017; Crowther and Seifi 2017).

Good governance is important for trust and confidence in both corporate and political contexts (Crowther and Seifi 2017, p. 434). However, the failings of governance systems are all too often observed (and usually at the fault of misuse of the systems, see Rampersad and Hussain 2014). This has resulted in a great deal of governance discourse, much of which adopts agency theory and looks critically on the role of managers (in the case of scandals often seeing managers and other senior organisational actors as deviant and self-interested) (Brennan and Solomon 2008).

Responsibility enjoys a role in both the pillar of governance concept (Crowther et al. 2017), but also as a pillar in itself, indicating a dual role inside and outside of governance structures. As a result, responsibility in its numerous guises is explored here.

At its simplest, responsibility concerns a person or entity being responsible to another, for a particular purpose. Responsibility is embedded, literally, in the CS<u>R</u> concept, and relates to the responsibility that a company has for 'their impact on society' (European Commission 2018). Yet, responsibility is complicated, open to interpretation, subjective, and operates with a 'nebulous quality' (Schlenker 1997, p. 242). Touching on psychological contributions, responsibility is recognised to be both formal (actual) and felt (i.e. perceived) (Cummings and Anton 1990).

3.2 *Six Constructs of Responsibility*

To develop an understanding of responsibility as a pillar of sustainability, an exploration of the various meanings and constructs of responsibility is worthwhile. We use Bergsteiner and Avery's (2010) six constructs of responsibility to explore responsibility further.

Role or task responsibility results from defined social roles and tasks. Role/task responsibility resembles traditional organisational/corporate governance arrangements. Leaders have defined roles in respect of ensuring an organisations survival, success or other outcomes (such as social impact), and become accountable for such performance.

Normative responsibility is 'the requirement by others to make actions, behaviours, and decisions subject to legal, ethical or normative roles of conduct' (Bergsteiner and Avery 2010, p. 12). Normative responsibility is represented in CSR by mechanisms such as regulatory intervention, and environmental and social disclosure. Whilst coercive, such external intervention reinforces governmental priorities around specific social and environmental concerns and supports these priorities to become embedded in roles and tasks (role/task responsibility).

Moral responsibility is becoming an increasing area for study in sustainability, particularly in the context of leaders driving more pro-social activity as a result of their own personal standards. Moral responsibility relates to the perpetuation of personal values through activities, decision and behaviour. Bergsteiner and Avery (2010), observe that moral responsibility may be exerted even when role/task responsibility is absent, demonstrating an interesting dynamic between the responsibility constructs.

Causal responsibility occurs ex-post, looking back on the activity or event to explore causality and responsibility, and occurs a great deal (Bateman and O'Connor 2016). Public inquiries[6] are one such example of an attempt to establish causal responsibility. Examples which are imminent involve social media platforms such as Facebook and Google which have caused worldwide concern. Whilst cause for claims that this is a 'too little too late' approach, retrospective activity such as this can be powerful. The recent images of a 'sea of plastic', plastic waste, in the Caribbean oceans were shared across the world and have prompted significant responses from individuals, organisations and governments, pledging to reduce and reuse plastic packaging and products.

Judged responsibility relates to the perceptions that others have of a party being responsible for something (an action or outcome for instance). For instance, if we take our plastic pollution example above, some may judge this the responsibility of suppliers or retailers for over-packaging items, others may blame governments for not intervening to oppose single-use plastics. Others may look to hold consumers responsible for their preferences towards convenient pre-packaged food or consumption of shopping bags. Who is responsible is, therefore, a matter of judgement and demonstrates the diversity of stakeholder interests, values and expectations.

Felt responsibility represents the responsibility and sense of personal obligation that entities feel towards particular tasks and activities. This mirrors long-standing debate in sustainability about attitude–behaviour gaps. The notion of felt responsibility supports us to understand why individuals act in pro-social ways. Bateman and O'Connor (2016) explore felt a responsibility towards climate change mitigation and adaption, and citizen belief in global warming.

3.3 Consequences for Governance and Sustainability

Several characteristics emerge from these various responsibility constructs that are particularly relevant to sustainable development:

- First, there is recognition that responsibility can be ascribed through formal responsibility or self-ascription. There are organisational implications here for the way in which sustainable behaviours are formally assigned (through 'role/task responsibility'), and the need to strategically assign these and embed these as legitimate organisational concerns. The self-ascription of responsibility ('felt

[6]These are a regular feature of the British system (e.g. the Windrush problem; air pollution enquiry) but possibly less common elsewhere. In the USA, for example enquiries tend to focus on political issues such as Russian involvement in election manipulating.

responsibility') prompts consideration for the way in which private and public organisations recognise the personal values of staff, leaders, customers, and citizens.

- Second, these responsibility constructs, and particularly judged responsibility, demonstrates the wildly varying perceptions that stakeholders may have with regards to who is responsible, and indeed culpable, for certain activity.
- Third, responsibility sits both inside and outside of governance structures. Whilst role/task, normative and causal responsibility types are manifest in the approaches to governance structures, rule-settings, regulation and reporting not all types of responsibility can be as easily managed. Felt and moral responsibilities result from values and perceptions that individuals may self-ascribe. Figure 1 illustrates where these various responsibility types may emerge within the pillars of governance and responsibility.
- Fourth, responsibility is fluid and can be transferred from individual concern or belief into the governance/organisational domains. This may have implications on the way in which organisations foster the concerns and self-determination of employees and other stakeholders.

The appreciation of normative responsibility is mimetic of accountability concerns in our model of good governance, and mechanisms later designed to ensure transparency.

There are growing pressures on firms to clearly demonstrate their approach (both in terms of governance and activity) to social and environmental concerns. Such pressures are born not just from investors but from customers, all showing increasing interest in sustainability metrics (Tamimi and Sebastianelli 2017). Reporting and disclosure practice is apparent in a range of social and ethical concerns from carbon emissions to modern slavery (for instance, in the UK context affected by the Modern Slavery Act). Environmental and sustainability reporting encourages transparency and represents the shift to a more stakeholder-oriented approach in accounting (Brennan and Solomon 2008). Transparency through reporting ensures that firms make an outwardly facing commitment to sustainability. The use of environmental–social–governance (ESG) metrics supports transparency and accountability of organisations towards many several environmental and social concerns to be understood. Conway (Chap. 9) explores ESG ratings and reporting later. Ribeiro and Monteiro (Chap. 13) explore the use of social and environmental accounting and reporting in the public sector context. However, transparency and the mechanisms of corporate reporting and disclosure do not necessarily result in ethical and sustainable practice and strategic legitimacy recognises a certain degree of 'game-playing' in this respect.

So far, 'fairness' has been absent from our discussion. Fairness comprises of consistency, the subdual of bias, accuracy of data, freedom of individual voice, ethicality and the opportunity for the overturn of unfair decisions (Leventhal 1980). The notions of moral and felt responsibility denote a more personal and subjective representation of actors (employees, leaders, citizens) in organisations and society.

Fig. 1 Responsibility within the twin pillars construct *Source* Authors' own

This echoes the subjective notion of fairness and related concepts such as equality and rights.

4 The Future for Sustainability

4.1 The Changing Sustainability Landscape

The sustainability landscape continues to evolve and the role and activities of governments, sectors, organisations and citizens are changing, and so are the judged responsibilities each has of the other.

We are witnessing greater approaches to embedding sustainability within sector and organisational practice. The recognition of sustainability through ISO standards and EU directives have supported organisations to strive to achieve such standards. Normative forms of responsibility are therefore apparent. Such pressures have reinforced social and environmental concerns across business-to-business relationships. This is evident as we see companies requiring their suppliers to achieve the necessary sustainability standards too, and has led to greater consideration for how sustainability can be embedded in supply chains (see Kauppi and Hanibal 2017; Nakamba et al. 2017), and a greater consciousness of sustainable resource use. Moyeen, Kamal and Yousuf (Chap. 10) investigate the hotel industry to show the important factors involved and how these change over time.

The role of small and medium enterprises (SMEs) in supporting sustainable development is also receiving greater recognition. There is increasing interest in SMEs, as a population for study, in sustainability discourse. This is exemplified by Marshall and Williams in Chap. 14, as they investigate the sustainable actions of micro and small businesses. Marshall and Williams' study finds that not only are SMEs interested in behaving sustainably but many already are acting in an eco-friendly manner. The moral and felt responsibilities of business leaders appear to influence the way in which business is being done, and the convergence of leader and entrepreneur pro-social interests with their business activity prompts further research.

The notion of the circular economy signals more restorative approaches to resource use. The circular economy concept is based on attempts to eliminate waste and, as opposed to linear models which see disposal as the end point of a product's life, the circular economy embeds a 'cradle to cradle' philosophy. An emphasis on design- and systems-thinking and the cooperative engagement of stakeholders is central to the success of this philosophy. This moves social–environmental concern in organisations from the dominant roles of accountants, marketers and strategist into more operational functions (e.g. research and development; procurement). At an intra-organisational level, judged responsibilities may shift or extend to these newer organisational actors requiring uncertainty. On a sector level, there is recognition that 'inter-organisational and inter-sectoral' governance can be challenging in circular economy settings (Korhonen et al. 2018, p. 45). The interconnected and complex nature of sustainability (Crowther et al. 2017) reinforces this logic. The implications of responsibility on such inter-organisational/sector issues are vast, requiring leadership, new (co-)governance arrangements and enhancing the complexity of judged, moral, role/task, and normative aspects of responsibility. Collaboration emerges as a key theme from the above, also echoed in Jahdi (Chap. 5) and Wond's (Chap. 6) contributions.

As can be seen in the chapters of this book, there is a distinct need for oversight of sustainability at macro levels. Lauesen (Chap. 7) considers the tensions of managing growing flood risks and the strains of public organisations in supporting flood prevention. Similarly, Abreu et al. (Chap. 3) explore blue accounting and marine sustainability, calling for greater awareness of this important public good.

At an individual level, there is a greater acknowledgement of citizens and consumers being more aware of their behaviours, and the increasing embedding of sustainability in social norms and values (moral responsibility). Oliveira (Chap. 8) emphasises the role of residents and socially responsible practice of entrepreneurs towards sustainable tourism. Schwalb-Helguero and García-Arrizabalaga (Chap. 12) explore the concept of 'buycotters', consumers who reward organisations for their socially responsible activity (through a recommendation for instance). Bandyopadhyay and Leonard (Chap. 11), in exploring 'the plight of contract workers', remind us of the social concerns towards employees, specifically regarding worker rights. Bandyopadhyay and Leonard's contribution prompts us to emphasise that sustainability is not merely concerned with the future protection of our environment and plant but involves acting responsibly in the short term, for social reasons, too.

5 Conclusions

This chapter has sought to explore responsibility as a pivotal pillar of our twin pillars construct. It has also introduced some of the concerns underpinning chapters in this book. Chapter contributions by international researchers prompt thought for matters such as sustainable decision-making within government, larger corporations and SMEs, specific technical ecological concerns, approaches to reporting and measuring social and environmental concerns, and institutional processes to legitimise sustainability endeavours.

Whilst CSR, as a concept or label, appears to be losing popularity, the foundations of governance and responsibility support sustainability to continue the important call for action.

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Part I
Challenging the Routine

Walking Away from Omelas

David Crowther

Abstract In the short story "The Ones Who Walk Away From Omelas" published in 1973, the author Ursula Le Guin described a world in which happiness and contentment of the majority was predicated in the unmitigated suffering of one individual. In this chapter, this story is used as a parable to consider sustainability and the actions which the world is taking to ensure that sustainability, or at least to mitigate the current unsustainability. Although the parable is primarily about morality and ethics, and an attack upon the Utilitarian foundations of modern economic and social moves, there are several lessons which can be extracted. All are considered in this chapter.

Keywords Utilitarianism · Ethical decisions · Social contract · Individualism
Ethical dilemmas

1 Introduction

In her short story, published more than 40 years ago, LeGuin (1973) poses an ethical dilemma which had subsequently been used extensively by university lecturers to discuss the merits and deficiencies of Utilitarianism. In this short story, Le Guin describes the utopian city of Omelas during the Festival of Summer. The city is characterised by its happiness and beauty underscored by its close proximity to a sparkling sea. For the festival, the entire population of Omelas joins together in various processionals through the city. Boys and girls in the Green Fields exercise their horses in preparation for the festival race.

This is, however, just a picture of life above ground in Omelas. Beneath the city lives a nameless child who knows only darkness and squalor. This child, of unspecified gender, is chosen from the population to exist as a living sacrifice that allows the rest of the city to live in peace and happiness. The child lives in a tiny,

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windowless room underneath one of the beautiful municipal buildings in the city, without any comforts or social interaction save the occasional people who come to gawk at it. Each person in the city learns of the child's existence at some point in their lives, and most come to peer at the child at least once, though some come for a return visit. The happy existence of everyone in Omelas depends upon the child's miserable condition, and the knowledge of this creates a conflict within the minds of some of the people of Omelas. Most citizens eventually overcome their guilt and continue to live happily. Directly above the child's locked room, people go about their daily business, choosing to ignore the child's suffering by accepting it as a mere fact of life. To most, the beauty and richness of their lives justify the sacrifice of the child.

There are, however, some who cannot reconcile the child's wretched existence with the comforts of their lives. These people leave Omelas. Some leave when they first learn of the child's existence and others leave after months or years of wrestling with their guilt. The ones who leave simply slip out of the city quietly and embark on solitary journeys out of the city. Though these people come from all walks of life, they all never return to Omelas, and their paths and fates are unknown.

From this very short story, a complex ethical puzzle is created and the dilemma is concerned with whether it is ok to know about the child and accept it or whether it is better to simply walk away. This, of course, goes directly to the fundamental issue of Utilitarianism and whether utilities can be summed to arrive at the greatest good for the greatest number.

2 Utilitarianism

Classical Liberal Theory started to be developed in the seventeenth century by such writers as John Locke (1690) as a means of explaining how society operated, and should operate, in an era in which the Divine Right of Kings to rule and to run society for their own benefit had been challenged and was generally considered to be inappropriate for the society which then existed. Classical Liberalism is founded upon the two principles of reason and rationality: reason in that everything had a logic which could be understood and agreed with by all, and rationality in that every decision made was made by a person in the light of what their evaluation had shown them to be for their greatest benefit. Classical Liberalism, therefore, is centred upon the individual, who is assumed to be rational and would make rational decision, and is based upon the need to give freedom to every individual to pursue his/her own ends. It is, therefore, a philosophy of the pursuance of self-interest. Society, insofar as it existed and was considered to be needed, was, therefore, merely an aggregation of these individual self-interests. This aggregation was considered to be a sufficient explanation for the need for society. Indeed Locke argued that the whole purpose of society was to protect the rights of each individual and to safeguard these private rights.

There is, however, a problem with this allowing of every individual the complete freedom to follow his/her own ends and to maximise his/her own welfare. This problem is that in some circumstances this welfare can only be created at the expense of other individuals. It is through this conflict between the rights and freedoms of individuals that problems occur in society. It is for this reason, therefore, that de Tocqueville (1840) argued that there was a necessary function for government within society. He argued that the function of government, therefore, was the regulation of individual transactions so as to safeguard the rights of all individuals as far as possible.

Although this philosophy of individual freedom was developed as the philosophy of Liberalism it can be seen that this philosophy has been adopted by the Conservative governments throughout the world, as led by the UK government in the 1980s. This philosophy has led increasingly to the reduction of state involvement in society and the giving of freedom to individuals to pursue their own ends, with regulation providing a mediating mechanism where deemed necessary. It will be apparent, however, that there is a further problem with Liberalism and this is that the mediation of rights between different individuals only works satisfactorily when the power of individuals is roughly equal. Plainly this situation never arises between all individuals and this is the cause of one of the problems with society.

While this philosophy of Liberalism was developed to explain the position of individuals in society and the need for government and regulation of that society, the philosophy applies equally to organisations. Indeed Liberalism considers that organisations arise within society as a mechanism whereby individuals can pursue their individual self-interests more effectively than they can alone. Thus firms exist because it is a more efficient means of individuals maximising their self-interests through collaboration that is possible through each individual acting alone. This argument provides the basis for the Theory of the Firm, which argues that through this combination between individuals the costs of individual transactions are thereby reduced.

The concept of Utilitarianism was developed as an extension of Liberalism in order to account for the need to regulate society in terms of each individual pursuing, independently, his or her own ends. It was developed by people such as Bentham (1789) and Mill (1863) who defined the optimal position for society as being the greatest good of the greatest number. They argued that it was government's role to mediate between individuals to ensure this societal end. In Utilitarianism, it is not actions which are deemed to be good or bad but merely outcomes. Thus, any means of securing a desired outcome was deemed to be acceptable and if the same outcomes ensued then there was no difference, in value terms, between different means of securing those outcomes. Thus, actions are value neutral and only outcomes matter. This is, of course, problematical when the actions of firms are concerned because firms only consider outcomes from the point of view of the firm itself. Indeed accounting, as we know, only captures the actions of a firm insofar as they affect the firm itself and ignores other consequences of the actions of a firm. Under Utilitarianism, however, if the outcomes for the firm were considered to be desirable then any means of achieving these outcomes were considered acceptable. In the nineteenth and early twentieth centuries, this was the way in which firms were managed and it is only in more recent times that it has become accepted that all the outcomes from the actions of the firm are important and need to be taken into account.

The development of Utilitarianism led to the development of Economic Theory as means of explaining the actions of firms. Indeed the concept of Perfect Competition is predicated on the assumptions of Classical Liberal Theory—and the arguments for the unregulated Free Market are based upon the concept of such Perfect Competition.[1] From Economic Theory, of course, both Finance Theory and accounting developed as tools for analysis to aid the rational decision-making assumed in Economic Theory. This is a problem because it encourages selfish and exploitative behaviour. So we can either believe that the market will mediate in an optimal way—which is complete nonsense—or we can suggest that ethical understanding will compensate—also nonsense. Or we must look for an alternative.

In 1762 Jean-Jacques Rousseau produced his book on the Social Contract which was designed to explain—and therefore legitimate—the relationship between an individual and society and its government. In it, he argued that individuals voluntarily gave up certain rights in order for the government of the state to be able to manage for the greater good of all citizens. Nevertheless, the idea of the Social Contract has been generally accepted. More recently the Social Contract has gained a new prominence as it has been used to explain the relationship between a company and society. In this view, the company (or other organisation) has obligations towards other parts of society in return for its place in society.

Most people would argue that the extension of the Social Contract to corporations provides some kind of answer to current problems, through a voluntary giving up by firms of some autonomy for the greater good and the subjection to regulation. It is doubtful, however, if this will provide the answer.

Classical liberal philosophy is important for the situating of debates concerning corporate social responsibility within the discourse of both the social contract and of the globalisation phenomenon. As a philosophy, it places an emphasis upon rationality and reason, with society being an artificial creation resulting from an aggregation of individual self-interest, and with organisations being an inevitable result of such aggregations for business purposes. Thus, Locke (1690) viewed societies as existing in order to protect innate natural private rights while Bentham (1789) and Mill (1863) emphasised the pursuit of human need. Of paramount importance to all was the freedom of the individual to pursue his[2] own ends, with a tacit assumption that maximising individual benefits would lead to the maximisation of organisational benefits and also societal benefits. In other words, societal benefits can be determined by a simple summation of all individual benefits.

[1]This is despite the fact that the concept of Perfect Competition is an elementary assumption in foundation-level economics which is recognised as never existing, and is an assumption which is speedily relaxed in more advanced economics.

[2]The use of the term his here is intentional as these writers were only concerned with a certain section of society, who were of course all male and relatively prosperous and privileged.

Classical liberal economic theory extended this view of society to the treatment of organisations as entities in their own right with the freedom to pursue their own ends. Such theory requires little restriction of organisational activity because of the assumption that the market, when completely free from regulation, will act as a mediating mechanism which will ensure that, by and large, the interests of all stakeholders of the organisation will be attended to by the need to meet these free market requirements. This view, however, resulted in a dilemma in reconciling collective needs with individual freedom. De Tocqueville (1840) reconciled these aims by suggesting that government institutions, as regulating agencies, were both inevitable and necessary in order to allow freedom to individuals and to protect those freedoms.

Thus classical liberal arguments recognise a limitation in the freedom of an organisation to follow its own ends without any form of regulation. Similarly, Fukuyama (1992) argued that liberalism is not in itself sufficient for continuity and that traditional organisations have a tendency to atomise in the pursuance of the ends of the individuals who have aggregated for the purpose for which the organisation was formed to fulfil. He argued that liberal economic principles provide no support for the traditional concept of an organisation as a community of common interest which is only sustainable if individuals within that community give up some of their rights to the community as an entity and accept a certain degree of intolerance. On the other hand, Fukuyama considered the triumph of liberal democracy as the final state of history, citing evidence of the breakup of the eastern block as symbolising the triumph of classical liberalism.[3]

Hobbes (1651) is well known for discussing the concept of the social contract. In his work, citizens would agree to vest absolute power in a sovereign power as the only way to avoid anarchy. In doing so citizens give up their individual rights, including control of liberty and property, and possible life. He argued that human self-interest is such that we would be willing to wage war on each other, the end result being a short and unpleasant life for all. This tradition accords with a utilitarian position: the pursuit of maximum welfare, and this can be considered to provide the basis for the capitalist systems and its reliance upon the market and individual endeavour. This, therefore, provides the test for whether the corporate behaviour is morally right or wrong. Utilitarianism regards the corporate activity as morally good if it increases human welfare, and collective welfare may override individual welfare.

During the era of individualism in the 1980s, however, a theoretical alternative was developed in the USA, which became known as Communitarianism, although the concept goes back to the earlier work of such people as Tonnies (1957) and Plant (1974). Communitarianism is based upon the argument that it is not the individual, or even the state, which should be the basis of our value system. Thus,

[3]Fukuyama presents these arguments as the end of history, which he does not celebrate. In actual fact, it is his critique of classical liberalism which is the most significant contribution of his work. This aspect of his work is almost universally ignored in favour of his end of history argument.

the social nature of life is emphasised alongside public goods and services. The argument is that all individuals, including corporations have an obligation to contribute towards the public nature of life rather than pursuing their own self-interests. Underpinning the theories of communitarianism is the assumption that ethical behaviour must proceed from an understanding of a community's traditions and cultural understanding. Exponents argue that the exclusive pursuit of private interest erodes the network of social environments on which we all depend, and is destructive to our shared experiment in democratic self-government. A communitarian perspective recognises both individual human dignity and the social dimension of human existence and that the preservation of individual liberty depends on the active maintenance of the institutions of civil society where citizens learn respect for others as well as self-respect where we acquire a lively sense of our personal and civic responsibilities, along with an appreciation of our own rights and the rights of others.

3 Walking Away as an Ethical Choice

Although the implication of the story is that if an inhabitant does not like the situation and the treatment of the child it seems that most people accept the resultant benefits, a few, however, choose to walk away from Omelas and the implication is that these people find the situation impossible to accept. In the story a few people find the situation impossible to accept and, therefore, just walk away from the city. The story does not, however, give any indication of where they go. The story is powerful and has been adopted by many academics as a way to discuss ethical behaviour—and the benefits and problems with living in such a situation. It can been readily seen how this can be adapted to many real-life situations such as discussed by Trevino and Youngblood (1990), Kitchener (1984), Harris (2007), Bolman and Deal (2017).

Naturally, there is a temptation to categorise one alternative as good and the other as bad as the situation in the book is so extreme that is leads towards such binarism. In reality ethical choices are, of course, never as simple as this and tend towards a sense of greyness. While this binarism is possibly unrealistic it enhances the teaching qualities of the story and enables vigorous discussion. It seems to me, however, that the binary choice which is portrayed in the story, and may well have been the intention of the author is not sufficient. In this case, the death of the author thesis (Derrida 1978) is not relevant and there is a further course of action which is never considered by is also vitally important. Derrida (1976) also stated that it is only possible to criticise the discourse from within. From this, it can be seen that there is a different choice which is never considered and that is to remain and seek to bring about change.

This option is of particular significance to those of us who are concerned with social responsibility and with governance. In the modern world, it is possible to walk away by dropping out and relocating but the danger of this is that that status quo becomes more established and accepted. The alternative is to challenge the dominant view and seek to bring about change. Unfortunately, this is often portrayed as heroism, particularly by the media and within Hollywood where there is a tendency to turn it into an act of heroism and bravery—with the implication of an epic story. The idea of the epic story is one which permeates history (Campbell 1949, 1991) to such an extent that it can be considered to be omnipresent. Campbell is the most significant student of epic stories and myths in a world context; he described his work (see Cousineau and Brown 1990) as an attempt to tell the story of humankind as the 'One Great Story'. By this, he meant the saga of the spiritual awakening of mankind and the subsequent development of society. He believed that the many differing mythical and religious beliefs which are present throughout the world and throughout history, while seeming to be disparate, are neither discrete nor unique. Instead, each is simply a cultural or ethnic manifestation of the elemental ideals which have forever transfixed the human psyche. Campbell adopted a comparative historical approach to mythology, religion and literature but, unlike most scholars, rather than concentrating upon differences he concentrated upon similarities. He was convinced that common themes and images could reveal mankind's common psychological roots. He argued that the recognition we have of images from primal cultures, contemporary work and from different cultures reflects the common spiritual ground from which all human life springs.

Although old myths were a way of explaining the origins of the world and of humanity they also played a vital role in uniting a society. Campbell argued that this cohesive role remains crucial today and so myths remain relevant to us today. Indeed, he demonstrates that these myths continue to be reinvented in modern form. For individuals, these myths provide a source of strength and a sense of roots and values; they offer a mirror to reveal the source of our anxieties and the means by which they might be resolved. In this respect, his work parallels that of Jung and of Bruno Bettelheim concerning fairy stories. Campbell argues that the function of ritual is to give a form to human life and to mark the passage from one part of that life to the next. He states that the reservation of such ritual for exceptional occasions in modern society is one source of neuroticism and contrasts the present with the way ritual was embedded in all social occasions in older more stable societies. He also identifies the common archetypes prevalent in myth and compares them to the archetypes revealed in psychoanalytic writings and in dreams. His concern, however, is with the relevance of all of this to present day life.

It can be argued that the present is an age of the instantaneous organisation, where speed is of the essence, life revolves around the signs and symbols of culture. At least it might be argued that this is the nature of the present. But as space and time become compressed into irrelevance what emerges is a different form of atemporality. This takes the form of the myth. As Nietsche (1956: 156) states, 'Only a horizon ringed about by myth can unify a culture'.

Spaciality and temporality are compressed in the eternal present which must ignore the past and focus on a future which will be even better. Thus, the concept of speed provides an idea of progress towards that better future but in reality is simply a statement which privileges a future that is separate from and more important than the present. This disconnection between the present and the future relies upon a notion of time but a corollary to this is the notion that self is more important than the other. This is when speed becomes dangerous—when self is privileged over the other—for speed is not dangerous when self is turned towards other.[4] But the acceleration of the pace of life only raises, alongside it, the need to seek solace in an atemporal present and thereby a need to reinvent and refocus the universal myths and epic stories, particularly those involving 'the hero'. The epic story involving the hero has been summarised by Campbell (1988: xii) as:

> A hero ventures forth from the world of common day into a region of supernatural wonder: fabulous forces are there encountered and a decisive victory is won: the hero comes back from this mysterious adventure with the power to bestow boons on his fellow men.

Such heroes are present throughout history and we are all familiar with people such as Mahatma Gandhi and Martin Luther King (and also Martin Luther) as people who have brought about change. We are possibly less familiar with Rosa Parks or the Tolpuddle Martyrs and few of us have heard of Dave Morris and Helen Steel. Even fewer of us know of the many people who strive to bring about change and what they consider to be a more just society. What is important though—certainly for increasing social responsibility is that we are all willing to stand up and state what is wrong and needs to be changed. It is insufficient to walk away. In this chapter, therefore, the argument is that the options presented by this story are insufficient and that we all have a responsibility not to walk away from situations which we are unhappy with. Instead, we have a duty to seek change and this is the essence of social responsibility.

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[4]See www.changeworks.org.uk for the work of Crowther and Hosking in this area.

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Blue Accounting: Looking for a New Standard

Rute Abreu, Fátima David, Luís Lima Santos, Liliane Segura and Henrique Formigoni

Abstract This research explores the framework of the marine knowledge, in general, and the blue accounting, in particular. On the one hand, the seabed, the ocean floor, and the subsoil allow to promote several activities to explore these resources. On the other hand, the pollution and degradation of the marine environment due to human intervention which damage and harm the marine life and produces strong risks and threats to this environment. In this context, marine resources are a public good which is available to everybody, at all time, but without payment or compensations to this collective pressure of human activity. In order to reinforce the marine knowledge, the blue accounting will provide to the citizen, to the organization and to the society valuable information based on accounting standards that identify, measure, value, and report this blue growth that is the ocean strategy with new opportunities for marine and maritime sustainability. The fast evolution of the marine knowledge demands profound accounting researches that will study the increasing impact on the use, the management, the associated costs, and the new report opportunities of these resources and its value. This research will reduce the negative effect of politics and Governments that forget the blue accounting as essential to support the blue economy and ocean strategy, because sciences are interdependent and scarcity of marine resources demands knowledge to emerge these first insights and then mitigate uncertainties and risks.

Keywords Blue accounting · Marine knowledge · Maritime resource Valuation · Measurement

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1 Introduction

Dacin et al. (2007) states that legitimacy is the central concept of organizational institutionalism, i.e., Higher Education Institutions as part of the education system need not only to promote the technical studies and information about their environment, but also to increase the credibility and the acceptance of knowledge in the society. So, researchers are indispensable to transfer knowledge to the society and to the organizations, in order to consolidate the teaching-learning process and thereby to justify to the society, in general, and to the organizations, in particular, new areas of researches, such as: Blue Accounting.

This research explores the framework of the marine knowledge (Appeltans et al. 2012), in general, and the blue accounting, in particular. Blue accounting will develop with an unprecedented urgency, because is associated much more than financial accounting and management accounting, because it deals with valuation and reporting itself that seek to assist specialists in certain aspects of the process of degradation, reuse, and damage with tremendous acceleration process of destruction over the past years (Boonstra et al. 2018). These information needs to be accountable to be reported and "it demands innovations that can increase human well-being and at the same time enhance the capacity of ecosystems to produce services" (Moberg 2016).

As Georgeson et al. (2017) argues the green economy has emerged as an important policy framework for sustainable development in both developed and developing countries. It presents an attractive framework to deliver more resource efficient, lower carbon, less environmentally damaging, more socially inclusive societies (UNEP 2013; van der Ploeg and Withagen 2013). The same defines the World Bank (2017) that explains in relation with blue economy that it is the sustainable use of ocean resources for economic growth, improved livelihoods and jobs, and ocean ecosystem health. The blue economy encompasses many renewable energy, tourism, climate change, fisheries, waste management, and maritime transport (UNEP 2015).

This first publication aims to promote the new accounting research that starts, in 2015, with this main idea born in a Conference promoted by the Global Business and Technology Association, held at School of Tourism and Maritime Technology of the *Leiria Polytechnic Institute*. Indeed, the main objective of this conference was to explore possibilities for sustainable future growth in Business and Technology Management. For this reason, the discussions had been around the sea and maritime resources in order to prepare for the future development of the blue economy.

Since 2015, this research has been discussing new opportunities in order to find other sources related with maritime field to provide a positive contribution to Europe Economic Future (EC 2012b). Moreover, these new insights in education and research for marine and maritime resources will led to increase the sustainable development and will meet successfully the demands of unique marine environment that will satisfied the dynamic and competitive management for future generations.

The European Commission publishes the blue growth (EC 2012a). Opportunities for marine and maritime sustainable growth as a communication from the

Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions to stimulate the long-term growth and jobs in the blue economy, such as

- Blue energy has the potential to enhance the efficiency of harvesting the European energy resource, minimize land-use requirements of the power sector and reduce the European greenhouse gas emissions (EC 2012a: 6);
- Aquaculture has the potential to impacts on wild fish stocks and water quality due to the lack of available maritime space for aquaculture activities, competition in the global market and administrative constraints in particular concerning licensing procedures (EC 2012a: 9);
- Maritime, coastal and cruise tourism has the potential due to the extraordinary beauty and diversity of Portugal, Europe and World's coasts, as well as, the wide range of facilities and activities (EC 2012a: 9);
- Marine mineral resources have the potential to exploitation and mining of minerals, other than sand and gravel, because it is financial and economically feasible to extract minerals (EC 2012a: 10);
- Blue biotechnology has the potential to underwater world and sea biodiversity (EC 2012a: 11).

The European Commission (EC 2012b) announces the Marine Knowledge 2020—From seabed mapping to ocean forecasting as a communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions. Later, the European Commission (EC 2013) promotes the action plan for a Marine Strategy in the Atlantic Area.

The Marine Knowledge 2020 (EC 2016) brings together marine data from different sources with the aim to help organization, public authorities and researchers to find data and make more effective use of them to develop new products and services; improve the understanding of how the seas behave. Also, the authors found essential to promote the knowledge of blue accounting and looking for a new standard, because the growing relevance of sustainability as a market influence demands that presentation of items in the financial statements of all organizations with three different aspects of measurement and disclosure: (a) the nature; (b) the amount; and (c) the reason for the classification of each item or class of items (EC 2008).

The global valuation standards detail that this new accounting standard is developed within a conceptual framework so that elements of financial statements are identified and treated in a manner that is universally applicable (RICS 2017a). In furtherance to reinforce the marine knowledge, the blue accounting will provide valuable information to the citizen, to the organization and to the society based on the new accounting standard that identify, measure, value and report this blue growth that is the ocean strategy with new opportunities for marine and maritime sustainability.

The EMODnet data infrastructure (EMODnet 2018) is developed through a stepwise approach in three major phases which are

- Phase I was the development, from year 2009 to the year 2013, of the prototype called ur-EMODnet with coverage of a limited selection of sea basins, parameters and data products at low resolution;
- Phase II was the development, from the year 2013 to the year 2016, of the prototype to an operational service with full coverage of all European seabasins, a wider selection of parameters and medium resolution data products;
- Phase III will be works, from the year 2016 to the year 2020, towards providing a seamless multi-resolution digital map of the entire seabed of European waters providing highest resolution possible in areas that have been surveyed, including topography, geology, habitats and ecosystems; accompanied by timely information on physical, chemical and biological state of the overlying water column, as well as, the oceanographic forecasts.

Since the United Nations Conferences on the Law of the Sea held at Geneva in 1958 (UN 1958a, 1958b, 1958c, 1958d) and 1960 (UN 1961) have accentuated the need for a new and generally acceptable Convention on the Law of the Sea. In 1992, the United Nations conclude the Law of the Sea, but only 1994 has been put in force. This Law of the Seafocus on the territorial sea and contiguous zone, straits used for international navigation, archipelagic states, exclusive economic zone, continental shelf, high seas, regime of islands, protection and preservation of the marine environment, marine scientific research, development and transfer of marine technology, settlement of disputes and final provisions (UN 1994).

There is a long way of research, because the maritime policy promotes growth and development strategies that exploit the strengths and address the weaknesses of each large sea region in the European Union, from the Arctic's climate change to the Atlantic's renewable energy potential, to problems of sea and ocean pollution, to maritime safety. These new insights promoted by the World Ocean Council (WOC) had been called in 2013 as "Ocean 2050: the Ocean Business Community and Sustainable Seas (WOC 2013) and, in 2016, "Ocean 2030: Sustainable Development Goals and the Ocean Business Community (WOC 2016), because of the adoption of the "2030 Sustainable Development Agenda", a specific goal #14 for oceans and seas.

Therefore, the European initiative on international ocean governance provides a strong framework for improving ocean health, protecting the marine environment and encouraging the sustainable development of the blue economy (Pearce et al. 1989). Indeed, the WOC is developing a new area of research that is the Corporate Ocean Responsibility, due to the international business leadership alliance of the WOC on the Ocean focus.

As resume of the paper, this first section presents an introduction that discusses the marine knowledge over the time and shows the expectations of the society, in general, and the citizen, in particular.

The second section presents from the literature review to the first insights of the blue accounting that influence the legitimacy in the business and political context that it is responsible for developing the new standard, in response to growing market demands.

The third section explores from the literature review to the new standard of the blue accounting explaining the concepts of the blue accounting based on the international accounting standard (EC 2008), international financial reporting standards (IASB 2018) and global valuation standards (RICS 2017a, IVSC 2017; TEGoVA 2016).

The fourth section explores from the blue accounting to the analysis of the blue economy explaining the idea of using the sea and oceans for economic gain, because it is new of the economy which create the economic value in a sustainable way that preserves and protects the sea's resources and ecosystems (WWF 2016a).

The last section presents the final remarks with the discussion and the conclusion of the blue accounting as the main concern of the organization for the growth of the blue strategy has the main objective of relations between all stakeholders to promote the economic, social and environmental sustainability.

2 From the Literature Review to the First Insights of the Blue Accounting

From the literature review, Hopwood (1992) defends that accounting is used from the active construction and transformation of organizational and social truths, associated economic truths, and, consequently, political truths. Indeed, the marine knowledge depends on the marine policy to be efficient and effective, but the data need to be publicly available, interoperable and reliable. Further than this and to promote the first insights of the blue accounting to explain the main objective and to refocus attention on the social accounting which involves the communication of information concerning the impact of the maritime assets and its activities on the society (Gray et al. 1996). In this multiple function, the blue accounting is based on the creation of marine knowledge that starts with the sea and oceans as an asset with blue economy behind (UNDESA 2014). Consequently, this knowledge can be applied to deliver smart sustainable growth and to assess the health of the marine ecosystem due the need to protect coastal communities (EC 2012b).

In this context, the marine asset is only possible to provide future economic benefits associated with the asset will flow to the entity; and the fair value or cost of the asset can be measured reliably. In the recognition and measurement of the blue asset, the main difficulty is due the need of the entity controls the asset as a result of past events. Indeed, there are a strong uncertainty in knowledge of the oceans and the seas which could be reduced in order for managing future changes.

The need of the recognition and the measurement of the blue asset starts with wasting water (Laughlin and Varangu 1991; Rodrigues et al. 2014; Santos et al. 2005). Indeed, wasting assets are defined by RICS (2017b: 1): "an asset with finite life which, when consumed, cannot be renewed in the existing physical location in which they occur." Generally, the theory of value is divide between the value in exchange and the value to the holder. But, as Fishman et al. (2007) details "the appropriate standard of value is often dictated by circumstance, objective, contract, operation of law or other factors." So the main aspect is the meaning of that standard of the value, which it is less clear and regards to the assumptions, methodologies and techniques that must be used to value. In the case of waste water, it is the value to an investor that added value to the owner of the water (if exists an owner) or as purchaser.

The main question of the blue assets is that in the last examples there are no willing buyer neither willing seller. The gap between the demand of clean sea water and their availability is completely different when compare the dirty sea water. Following Grey and Sadoff (2007) and Bakker (2012) the sea water balance demands livelihood, human well-being and the ecosystem function.

Numerous insights have been made by Royal Institute of Chartered Surveyors (RICS), based on United Kingdom, that publishes annually the valuation standards since 1974. It is important to recognize that due to the scarcity and high dynamic of the needs and, in accordance, with climatic change with the variability and the vulnerability that are both time-dependent phenomena. So, the market value is essential to understand that following the IVS 104, paragraph 30.1 as (IVSC 2017: 170) "the estimated amount for which an asset or liability should exchange on the valuation date between a willing buyer and a willing seller in an arm's length transaction, after proper marketing and where the parties had each acted knowledgeably, prudently and without compulsion." This measurement could be related with clean sea water or dirty sea water and other examples, such as: damage made by vessels, pollution for petrol platforms, fishing fishes, and shellfish (WOC 2013, 2015a, b).

Several other insights could be based on the valuation supported by the European Valuation Standards (TEGoVA 2016), where the most important definitions are

- Basis of value that the fundamental assumptions for assessing a maritime valuation to help fish farmers and fisheries product processors and other organizations, public authorities, professional bodies and consumers;
- Valuation approach is the fundamental way in which, considerable marine and maritime resources are available, the valuer considers how to determine the value of the sea, ocean, water, and all the blue economy;
- Valuation method based one several approaches uses a valuer to assess the value of the sea (Baltic, Black, Mediterranean and North) and the ocean (the Atlantic and Artic Ocean) and other marine resources.

Indeed, as the European Valuation Standards (EVS) details "the valuation must be researched, prepared and presented in writing to a professional standard." (TEGoVA 2016) With this contribution, it is no surprise that a huge effort demands to save the marine and ocean resources that belong to the entire world. Also, EVS explains that "the work undertaken must be sufficient to support the opinion of value reported" (TEGoVA 2016) that it is related to projected ocean economic activity and realities, risks and opportunities to share knowledge towards on the corporate ocean responsibility.

3 From the Literature Review to the New Standard of the Blue Accounting

The scientific understanding of the blue accounting will reduce the uncertainty of the marine knowledge (EIU 2015; FAO 2018). The recognition of the past, present and future forecast on the marine resources generate the strengths and weaknesses of the accounting. Knowing that resources are certainly not unlimited and there is an opportunity from these maritime resources to explore with human intelligence and with energy can generate progress with properly rules and standards promoted by organizations (Crowley 2013).

The objective of the blue accounting standard is to prescribe the accounting treatment and the disclosure related with maritime activity. This standard will answer

- What is a blue asset, liability, and expenses?
- How is the blue asset, liability, and expenses to be recognized?
- How is the blue asset, liability and expenses to be measured?
- Which entity develops an ocean and maritime activities?
- How ocean and maritime activities disclosure on the entity's financial statements?

The insights based on the accounting supported on the International Accounting Standards (EC 2008), the most important definitions are

- A gain or loss arising on initial recognition of a blue asset at fair value less costs to sell and from a change in fair value less costs to sell of a blue asset shall be included in profit or loss for the period in which it arise (IAS 41, § 26)
- An unconditional government grant related to a blue asset measured at its fair value less costs to sell shall be recognized in profit or loss when, and only when, the government grant becomes receivable. (IAS 41, § 34).
- An understanding the data on the marine environment, because it is a valuable asset and observations cannot be repeated can facilitate the accuracy of the measurement. Also, long-term trends can only be distinguished from seasonal changes.

The absence of a specific international accounting standard weakens the reliability and the comparability of the data about the sea and the maritime resources of the blue accounting. This has led the EU to publish the Recommendation 2001/453/EC (EC 2001a) on recognition, measurement and disclosure of environmental issues in the annual accounts and annual reports of EU companies. However, this Recommendation follows the contents of several International Accounting Standards (IAS) and was endorsed by the UN Working Group on International Standards of Accounting and Reporting—which submitted a paper on environmental reporting in 1998 (EC 2001a).

3.1 Recognition of the Blue Asset

In this section, the recognition of the blue asset is established to recognize and to measure the ocean and maritime items as an asset based on the valuation process. Blue expenditures can be considered assets if they have been made to avoid or reduce future damage or to preserve resources, provide future economic benefits, are intended to serve the company in a durable way and meet one of the following two conditions: if the expenditures are related to anticipated future economic benefits which are expected to benefit the company and which extend the life, increase the capacity or improve the safety or efficiency of other assets owned by the company; or if expenditures allow to reduce or avoid environmental contamination that may occur as a result of the company's future activities. For example, pollution control or prevention facilities and machinery acquired to comply with environmental laws and regulations and rights or similar elements acquired for reasons associated with the impact of business activities on the environment, such as patents and pollution rights (Kovel 2002).

When the book value of an asset considered a loss in economic benefits because of environmental reasons, may incur expenditure to restore the future economic benefits to its original standard of performance; in this case, expenses may be considered as an asset, as long as the resulting book value does not exceed the recoverable amount of the asset. In all cases, the cost of blue expenditures considered as assets must be distributed systematically over its expected life.

It may happen that certain factors of an environmental nature lead to a decrease in the value of certain existing assets, such as the contamination of a manufacturing site. In view of this situation, if the recoverable value of the use of the factory site has become lower than its book value, it is necessary to correct this amount and to charge it to the statement of profit and loss for the year; but this correction should only be carried out if the situation of the decrease of value is lasting.

3.2 Recognition of the Blue Liability

In this section, the recognition of the blue liability is established to recognize liabilities justified by the ocean and maritime resources. The recognition of a blue liability is conditioned on the existence of an obligation—to avoid, to reduce or to repair ocean and maritime damages—that can be legal or contractual and implicit (EC 2008; RICS 2017a; IFAC 2018; IASB 2018). In other words, ocean and maritime damage caused on oceans or seas all over the world and it is related with an organization or citizen that in respect of which there is no legal, contractual or implicit obligation to repair, cannot be recognized as a blue liability. As a rule, the organization is responsible for the total of blue liability. However, it may be responsible only for the part of the obligation attributable to itself.

Therefore, a blue liability is recognized when it is probable that an outflow of resources embodying economic benefits will result from the settlement of a present environmental obligation as a result of past events, and the amount at which the settlement will take place can be measured reliably. The reliability of the assessment means that a reliable estimate of the costs arising from the underlying obligation can be made; in other words, if at the balance sheet date there is an obligation whose nature is clearly defined and which is liable to result in an outflow of resources embodying economic benefits, but of uncertain amount and date, a technical provision should be recognized if it is possible to estimate the amount of that obligation.

If it is not possible to make a reliable estimate of the amount of the obligation, a contingent liability should be recognized. The contingent liabilities are not recognized in the balance sheet, but in the notes to the annual accounts; is what should occur when there is an unlikely likelihood that ocean and maritime damage will have to be repaired in the future and that obligation depends on the occurrence of an uncertain event. If the obligation to incur a blue expense is unlikely or insignificant, there is no need to recognize any contingent liabilities. If it is expectable that one or more expenses related to a blue obligation will be reimbursed by a third party, such reimbursement will be recognized as an asset only when it is practically certain that it will be received in case the company fulfills its obligation.

As a general rule, an expected reimbursement of a third party should not be used as compensation for a blue liability. It should be shown separately as an asset for an amount not exceeding the amount of its technical provision. The exception rule, the recognition as compensation of an environmental liability, occurs when there is a legal right to compensation that the company intends to use; in those circumstances, where it is appropriate to recognize such compensation, the total amounts of the liability and of the expected reimbursement must be shown in the notes to the annual accounts.

Similarly, the expected proceeds from the sale of related assets should not be used to offset an environmental liability; moreover, that revenue should not be taken into account in calculating a provision, even if it is linked to the event giving rise to the provision

3.3 Measurement of the Blue Liability

The blue liabilities are recognized when it is possible to make a reliable estimate of expenditure to meet the underlying obligation. The amount of the liability depends on the appropriate estimate of the expense required to settle, at any date, the present obligation at the balance sheet date, even if the events have ceased; adequacy is achieved by taking into account the present situation and future developments in technical and legislative terms. If it is not possible to determine an adequate estimate with sufficient reliability, then that amount should be considered as a contingent liability.

In the assessment of a blue liability, the marginal direct costs of the repair effort must be considered, the costs of remuneration and charges paid—for workers—which are likely to be imputed to the repair process, the control obligations after repair of the damage and the progress technology, in so far as public authorities are likely to recommend the use of new technologies.

For blue liabilities that will not be settled in the near future, they should be measured at the present value (as an alternative to the current cost, which is also acceptable if the time value of the money is not relevant), if the obligation, the amount and date are either predetermined or can be determined reliably. The method chosen to the measurement should be disclosed in the notes. The undiscounted estimated cash flows should be the estimated amounts expected to be paid at the dates of settlement and should be computed using explicit assumptions derived from the clean-up and/or remedial plan, such that a knowledgeable party could review the computation and concur with the estimated cash flows.

3.4 Recognition of the Blue Expenses

In this section, the recognition of the blue expenses is supported on the adaptation of the Recommendation 2001/453/EC (EC 2001a) that presents several definitions that may help to the new accounting standard. The first example could be the environmental or the blue expenses which "includes the costs of steps taken by an undertaking or on its behalf by others to prevent, reduce or repair damage to the environment which results from its operating activities. These costs include, amongst others, the disposal and avoidance of waste, the protection of soil and of surface water and groundwater, the protection of clean air and climate, noise reduction, and the protection of biodiversity and landscape (EC 2001a). Only additional identifiable costs that are primarily intended to prevent, reduce or repair damage to the environment should be included. Costs that may influence favorably the environment but whose primary purpose is to respond to other needs, for instance to increase profitability, health and safety at the workplace, safe use of the company's products or production efficiency, should be excluded. Where it is not possible to isolate separately the amount of the additional costs from other costs in which it may be integrated, it can be estimated in so far as the resulting amount fulfills the condition to be primarily intended to prevent, reduce or repair damage to the environment».

Another definition of the Recommendation 2001/453/EC (EC 2001a) is the "costs incurred as a result of fines, or penalties for noncompliance with environmental regulation, and compensation to third parties as a result of loss or injury caused by past environmental pollution are excluded from this definition, as discussed in paragraph 6(f) of Sect. 4 of this Annex. While related to the impact of the company's operations on the environment, these costs do not prevent, reduce or repair damage to the environment".

The recognition of blue expenses is conditioned upon the period in which they are incurred, except in the event that such expenses meet the criteria necessary to be recognized as an asset. Blue expenses are related to losses that occurred in a previous year must be recorded in the year in which they are recognized and cannot be considered as adjustments of that previous year; that is the case when environmental expenditure relates to current or past activities or to the restoration of environmental conditions in the state in which they were before contamination, for example, environmental expenditure of an administrative nature; environmental audits; debugging related to operational activities; waste treatment; and repair of losses verified in previous years. The recognition of the expenses that an organization is required to bear in respect of the recovery of contaminated sites and the operations of decommissioning or dismantling of fixed assets comply with the recognition foreseen for environmental liabilities at the estimated value for total liabilities, either totally or progressively.

4 From the Blue Accounting to the Analysis of the Blue Economy

From the blue accounting to the analysis of the blue economy is justified on the growing interest of the citizen and the organization for the sea and oceans that could be emphasize in the wave energy, coastal protection, fisheries, aquaculture, waste management and, even, the blue sky (WOC 2016a). Thus, this research is supported on the argument that blue accounting must be used for public disclosure through accountability as a legitimizing tool (Deegan 2002). The importance of this new area of research will ensure accounting and financial stability to the overall objectives of the marine knowledge.

Furthermore, the authors defend that the blue accounting is critical, especially at this stage, in defining strengths and weakness to all the stakeholders of the seas and maritime resources that must be always informed on an ongoing basis that it will allow each one to take an early recognition, timely involvement and carefully judgment of each investment and financing decision, to measure and then disclosure this data as information to take decision based on the financial statements.

This research promotes the sustainability of these marine resources, especially, the database systems, such as: Policy-oriented *marine* Environmental *Research* in the Southern European Seas (PERSEUS), which helps to detect and monitor illegal and suspicious activities at the sea and oceans (HCMR 2015). This insight gives additional consistence that enhanced the innovative capabilities for the information sharing, assessment of resources and assets valuation (vessels, fishes, and other resources) as response to accounting pressures to improve its common understanding and public image across countries.

This research will develop the blue accounting, in general, and the measurement issues based on Maritime and Marine issues, in particular. So, despite the strong limitation of literature, the authors defend that the blue accounting will be very helpful, to all the stakeholders that must be always informed and on an ongoing basis that it will allow each one to take an early recognition, timely involvement and carefully judgment of each investment decision. Then, transparency is strongly encouraged by the authors who will promote more blue governance to reduce the gaps and risks aggravated by the new challenges.

In addition, this research concerns with the financial report that gives explanations to stakeholders. The authors defend that it does not exists one solution as it appears insufficient for the level of activities involved, then public authorities have to play a more prominent role and demand for the payment of the use of the maritime and marine resources will became inevitable (sea surface, sea water use, waves, salinity, gravel extraction, aquaculture, between other). At least, an objective is the understanding of the marine and maritime resources to all the society, in general, and the citizen, in particular, because, the promotion of the accountability will impact on the CSR principles of transparency, accountability, sustainability and social contract based on the Annual Report (Crowther and Rayman-Bacchus 2004). The Marine Knowledge 2020 will demand a new paradigm.

In line with the advances resulting from the Sustainability Reporting Guidelines (GRI 2002), it is a growing practice to voluntarily publish environmental information in the annual accounts and corporate governance reports. Despite this, the high costs of preparing information or the information confidentiality have been invoked as the inhibiting factors for their publication in the context of the financial information provided by companies and support the widespread view that companies support increasing environmental costs, in particular those operating in sectors with a significant impact on the environment.

The area of the marine and maritime resources is complex and there will be much data not in the scope of Marine. The blue accounting must rely on the European Maritime and Fisheries Fund (EMFF), 2014–2020 as it presents Fig. 1. Indeed, EMFF will helps fishermen in the transition to sustainable fishing, supports coastal communities in diversifying their economies, finances projects that create new jobs and improve quality of life along European coasts and makes it easier for applicants to access financing (EMFF 2016).

The European Maritime and Fisheries Fund (EMFF 2016) in European Union for 2014–2020 aims at achieving key national development priorities along with the EU's "Europe 2020" objectives. The six main priorities are sustainable fisheries (26.9% of the Budget), sustainable aquaculture (21% of the Budget), implementing the CFP with improvement of the data collection, scientific knowledge, control and enforcement of fisheries legislation (19,1% of the Budget), marketing and processing (17.6% of the Budget) to improve market organization, market intelligence and consumer information in the world's largest seafood market, Employment and territorial cohesion (9% of the Budget) and integrated maritime policy (1.2% of the Budget).

At the end, there are the possibility that "scientists and researchers receive funding for studies of immediate interest to the industry, in fisheries management, ocean management, marine environment, climate change, coastal protection, social

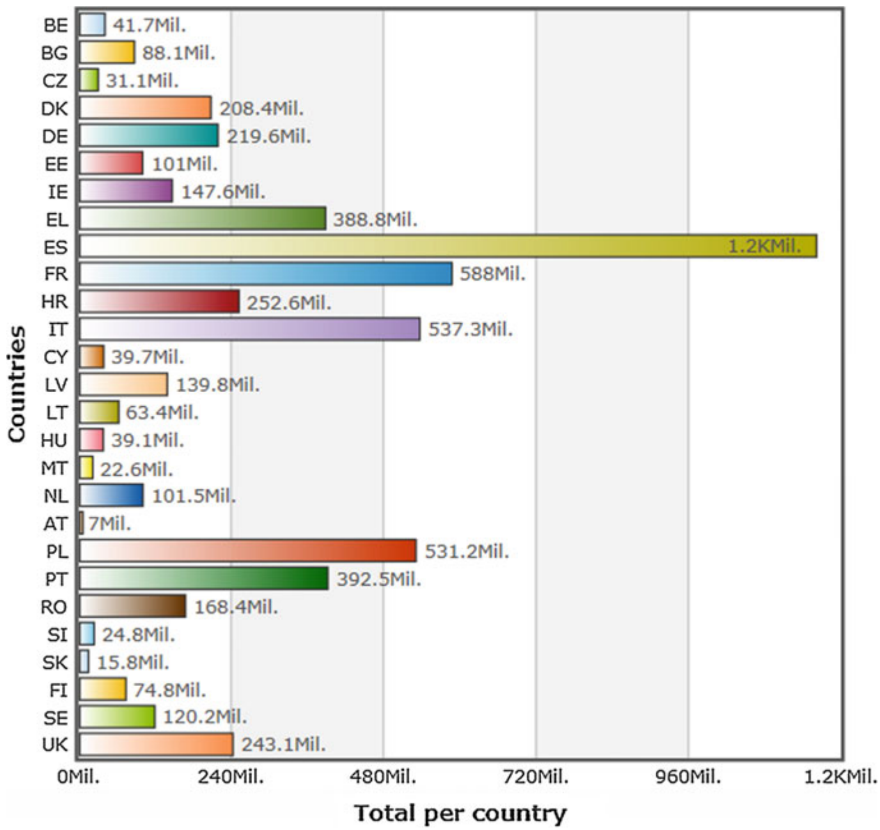

Fig. 1 Total European Union allocation of the European Maritime and Fisheries Fund (EMFF), 2014–2020 *Source* EMFF (2016)

science and maritime economy." (EMFF 2016). Indeed, this is the starting point to promote the research of the blue accounting.

The closing recommendation states that the term "environment" refers to the natural physical surroundings and includes air, water, land, flora, fauna and non-renewable resources such as fossil fuels and minerals (OECD 2011, 2014).

5 Final Remarks

As a final remark, the authors agree with WWF (2016b) that create a sustainable green economy on land (Cato 2009) also requires a sustainable blue economy in the sea. Visions, strategies, goals, targets and actions are urgently need for sea-based economies. Indeed, corporate ocean responsibility should be central in the development of the laws of the nature, because the seas and Maritimes resources are not central on the market economy, neither in government laws and regulations.

To accomplish all of this, the blue accounting presents in this research a new vision of well-known concepts related with sea and marine resources, but it demands interdisciplinary research knowing that faces challenges related with the complexity of biodiversity (Jones 2003). A clear definition of the sustainable blue economy demands new interrelationship between vulnerability, risk and resilience across sectors of the marine and see resources, with different scales in the context of limited predictability.

In addition to the accounting rules, environmental aspects must be published as they are of significance for the organization's performance or financial situation; even if the publication of a separate environmental report is considered—and is welcomed by consumers—this information should be disclosed in the following financial statements: annual (individual) management report; consolidated annual management report; attached to the annual (individual) accounts; and annexed to the consolidated annual accounts.

Despite these insights, there are several limitations. The first limitation is critically examined in this research and it is related with role played by several stakeholders, such as: Portuguese Government, Politicians, Society and each citizen. This is result of the role of basic skills of accounting illiteracy and innumeracy has become ubiquitous. So, it is important to widespread accounting literacy to the health of a modern society.

The second limitation is the existence of an enormous body of laws, regulations, and codes that have emerged and enforced reform that are necessary, but the challenge is to devise a true regulatory framework that enables the blue accounting to be more resilient absorber of shocks. Probably for the Portuguese government and European Union is now time to control the financial system, more than create more legislation.

Finally, the third limitation is the lack of empirical evidence in this subject, because it does not exists any similar research. So, it is better to have less evidence that could be improved the marine knowledge than not knowing at all of the reality. But as Riley et al. (2001: 20) defends "facts, research methods and research data do not speak for themselves; they are interpreted by researchers and others".

Future investigation will be necessary to provide definitions that permit the accurate measurement of water and marine resources on a common and consistent basis and with the blue accounting produce the access to accounting information that will allow to make valuation, management and report explaining the basis of value, to assess each asset and liability and then report that is suitable for specialist applications which provides advice to accountants. However, other stakeholders will be responsible to decide that then they need professional measurements with not mislead, intentionally or unintentionally, information that required degree of accuracy in terms of the final reported figures is dependent upon the site-specific conditions and circumstances (RICS 2017a).

The authors have a future development that is the strong commitment with the effectiveness and efficiency of the blue strategy that must respond quickly to the needs of the society and successfully to risks involve with the maritime resources. The use of this blue strategy demand the need of the blue accounting as fundamental science to develop the blue revolution that will bring a new world order. There is a long way of the research to empower the blue accounting as an important the measurement and disclosure approach, but it demands more research to record and report with new methodologies and sources of data.

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The Concept of Business Legitimacy: Corporate Social Responsibility, Corporate Citizenship, Corporate Governance as Essential Elements of Ethical Business Legitimacy

Jacob Dahl Rendtorff

Abstract This chapter discusses corporate social responsibility, corporate governance, and corporate citizenship in relation to business legitimacy as a basic concept in the philosophy of management. Corporations must take into the consideration of legitimacy to be able to exist and prosper in a society: legitimacy is a precondition of business license to operate in society, and of the supply of necessary resources—ranging from investments, committed employees, business partners, and sales/consumption, to political support and support from an increasing range of diverse stakeholders. However, the interrelation between business and the rest of society changes with the evolution of society and mediates by changing legitimacy processes. Today, businesses' ethical, social, and societal responsibility moves towards broader value orientations expressed in business ethics and the triple bottom-line, which balances social, environmental, and economic considerations and in societal commitment, where businesses assume tasks that were previously reserved for the state. Business legitimacy follows fluid, ambiguous norms so that ethics, communicative competences, and practices are a fundamental precondition for navigating in a society that grows increasingly dynamic and diverse. Indeed, the contents as well as the rationality of legitimacy and the types of legitimacy conflicts have changed and this is an important challenge for developing sustainability in the intersection between corporate social responsibility, corporate citizenship, and corporate governance.

Keywords Legitimacy · Corporate social responsibility · Business ethics
Institutional theory · Management philosophy

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1 Introduction

In this chapter, I discuss corporate social responsibility and corporate governance in relation to business legitimacy as a basic concept in philosophy of management (Rendtorff 2013). A company must take into consideration legitimating notions to be able to exist and prosper in a society: legitimacy is a precondition of the company's license to operate in society, and of the supply of necessary resources—ranging from investments, committed employees, business partners, and sales/consumption, to political support and support from an increasing range of diverse stakeholders. However, the interrelation between a company and the rest of society changes with society's evolution and is mediated by changing legitimating notions and processes.

The company's ethical, social, and societal responsibility is reformulated toward broader value orientations expressed in the triple bottom-line, which balances social, environmental, and economic considerations; in societal commitment where the company assumes tasks that were previously reserved the state. Formerly, the room for legitimate decision-making rested relatively stable and indisputably on notions of shared, taken-for-granted norms. Today, legitimacy has grown discursive and subject to continuous negotiation in communicative processes between a long range of positions.

A company must justify itself in legitimizing processes characterized by fluid, ambiguous norms, and ethics statements to an extent so that communicative competences and practices are a fundamental precondition for navigating in a society that grows increasingly dynamic and diverse. The prioritization of legitimacy and legitimization has grown from the periphery and today they are at the center of a company's existence and prosperity, including its ethical and political profile. Only a few decades ago, a company's legitimacy was more or less given by common norms, by control, and by central regulation via law. Today, legitimacy and legitimization are basic mechanisms in fundamentally new forms of political governance that rely on mutual reflections and continuous tests of legitimacy.

These can be identified in most regions characterized by the specific structures, ethics, and values of the modern society, which emerged with the social differentiation in Europe in the seventeenth century and today dominate Western-oriented regions. However, different societal, political, and cultural forms foster different notions, ideas, and ideals as to the interrelation between society and company.

As globalization increases the interdependence between previously separated societal forms, conflicts between legitimating notions are activated. Globalization not only poses a challenge for companies to navigate in a diversity of inherent conflicts of legitimacy. It also requires the ability to relate to different and even conflicting perceptions of legitimacy at the same time in a globalized public space. This is a growing trend with the rise of social media, which entails global connectivity.

Accordingly, the contents as well as the rationality of legitimacy, the way of legitimization as well as the weighting of legitimacy and of legitimization, and the types of legitimacy conflicts have changed and this is an important challenge for developing sustainability in the intersection between the two pillars of corporate social responsibility and corporate governance.

2 The Aim of Business Legitimacy Research

The aim of this approach to legitimacy is to develop a theory of business ethics and corporate citizenship through the processes of legitimation. Now, we can propose an argument taking up some of the aspects of legitimacy from the point of view of institutional theory. Essential questions to ask in relation to legitimacy are: (1) What are the challenges of business ethics confronted with increased complexity and new social expectations to corporations in an age of globalization? (2) What are the principles of values-driven management and corporate social responsibility (CSR) that should be used by firms to respond to these challenges? (3) What is a theory of corporate legitimacy and how should we define the relations between good corporate citizenship and business ethics?

These questions relate to different aspects of the general problem of the social legitimacy of corporations, which can be seen in the perspective of institutional theory. The foundation of such analysis may be the search for legitimacy in corporations as it has been proposed by Suchman (1995). He defines legitimacy as an effort to adapt to the internal and external environment of the organization. The discussion of legitimacy has been marked by a tension between a strategic and an institutional definition and there has been very little dialogue between the two theoretical traditions. With these forms of legitimacy, legitimacy can be conceived as a "process where the organization justifies to a peer or subordinate system its right to exist" or as a "congruence between the social values associated with or implied by (organizational) activities and the norms of acceptable behavior in the larger social system." Or it can be determined as a "generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially constructed system of norms, values, beliefs and definitions" (Suchman 1995; Rendtorff 2009).

We can say that following Suchman legitimacy is a multilevel construct. This implies to look at legitimacy judgments at the individual and collective level. Moreover, it is important to remember that legitimacy is a concept from institutional theory. Indeed, Suchman distinguishes between three fundamental aspects of legitimacy: Cognitive, moral, and pragmatic legitimacy, where legitimacy is identified as generalized perceptions and expectations to the business firm (Suchman 1995; Rendtorff 2009, 2010, 2018).

The response to the problem of business legitimacy is the search for a comprehensive theory of responsibility, ethics, and legitimacy of corporations in a globalized society. The focus is the idea of corporate citizenship. This approach to values-driven management and business ethics is based on a concept of republican business ethics including the four ethical principles of protection of the human person: autonomy, dignity, integrity, and vulnerability.

Such a normative theory of business ethics and corporate citizenship implies an approach to ethics at different levels of society, individuals, organizations, and market institutions. The idea is that business ethics and corporate social responsibility should not only be applied at the level of human personal choices. Rather, it is indeed necessary to construct common values and concepts of responsibility for business organizations and institutions in order to justify the old saying that "good ethics is good business" as a reaction to the opportunistic challenge of economic theories of individualist utility maximization.

3 Business Legitimacy and Critical Hermeneutics

The concept of the methodology of business ethics for such a study of business legitimacy can be conceived as "critical hermeneutics" combined with an interdisciplinary institutionalist approach to economics and social sciences (Rendtorff 2009, 2014). Critical hermeneutics mediates between structural and intentionalist explanations of causalities of actions in institutional theory. However, it is also important to go beyond mere institutional analysis and propose a normative perspective of applied ethics and analysis of ethical argument as a basis for a legitimacy approach to business ethics.

Ethics can here be defined as a normative study about what norms should guide decision-making and corporate social responsibility in business and economics. The normative study of business ethics applies simultaneously at the micro- and macro-levels of organizational behavior, business systems, and market structures and influences the political economy of different societies or states. Business ethics applies a critical evaluation of formulations of guidelines and codes of conduct for companies at national and international markets.

This broad approach to business ethics does imply a critical evaluation of the neoclassical economics of efficiency and utility, and it implies a broader interdisciplinary, institutional, and historical perspective on the norms and values of corporations. Although it recognizes the explanatory potential of this tradition, critical hermeneutics does not think that descriptive positivist economics is sufficient. We need a discussion about goals and values, and business ethics emerges as a kind of normative economics to accomplish the insights of business economics. Business ethics, therefore, agrees in considering normative economics as a science of conversation based on theoretical arguments about ethical principles, values, and good business practice.

4 Business Legitimacy and Integrative Economic Ethics

In this context, it is possible to adopt the concept of "integrative economic ethics" in order to mediate between ethics, political, and economic rationality (Ulrich 2008). This integrative approach can be considered as the application of "republican business ethics" and critical hermeneutics as the basis for ethical reflection on the foundations of economics as a truly value-creating science. In this perspective, business ethics based on legitimacy integrates the rationalities of law, economics, and politics in order to promote sustainability and the good life of humanity.

Integrative business ethics is not only about external limitations on business activity, but it also implies internal guidance for economic value-creation. It implies not only a deontology of correct business rules but also an argument for the morality of just institutions of free economic markets. Thus, integrative business ethics aims at formulating principles for corporate social responsibility of the good citizen corporation. Business ethics is defined as a critical practical rationality integrating ethics in the disciplines of economics and the social sciences.

Such a discussion of the relation of economics and ethics in the perspective of critical hermeneutics aims at a justification of the rationality of values-driven management in business institutions. It is possible to perceive the emergence of a close link between ethics and economics in the new strategies of corporate social responsibility and values-driven management. However, there remains a tension between ethics and economics. Therefore, there is a need for external political and legal constraints on economic markets. Ethics is the foundation of economic action.

At the same time, we should admit that there is an ethical dimension within economic notions of utility and efficiency, which should be taken into account when dealing with the ethics of economic markets. Therefore, there may be an economic dimension to ethics and ethics and economics are in a "dialectical relation" where they mutually shape one another. (Neuman 2003; Rendtorff 2014)

In the light of economic anthropology, this implies a critical examination of the concept of "Homo Economicus" of egoistic utility maximizing individuals in traditional economic theory (Sen 1987). Economic anthropology should rather be considered as based on interactions between individuals in complex networks of reciprocity in social community. In this perspective, economic action is based on the vision or aim of the "good life with and for the other person in Just institutions" (Ricœur 1990, 202).

This vision is evaluated in the Kantian perspective of universal rules of the categorical imperative. Utilitarian welfare analysis is only possible in the perspective of this framework of deontological limitations of action. It is the task of Kantian determinate and reflective judgment as the bridge between micro and macroeconomic rationality to make the convenient application of ethical theories and principles to concrete situations of choice and decision-making in business organizations (Paine 1994).

This is the basis for the concept of the rationality of values-driven management in the perspective of "republican business ethics". Therefore, business ethics is not only about internal market behavior but also about finding external principles of political governance to regulate economic markets. Accordingly, it is possible to adopt John Rawls' concept of "justice as fairness" as the ultimate horizon of business ethics (Lütz and Lux 1979; Ulrich 2008).

5 Business Legitimacy and Economic Rationality

Taking into account the classical Weberian perspective of the relation between legitimacy and economic rationality, legitimacy theory focuses on the impact of different views of the firm and economic life in different theories of management and economics in the twentieth century. It is important to analyze the views of legitimacy in some of the most influential theories of economics and management in order to promote an institutionalist and stakeholder-oriented view on corporate legitimacy, which is based on the idea of the good citizen corporation. This approach can be distinguished from other possible views on the legitimacy of the firm in modern society. From the point of view of communicative rationality, stakeholder dialogue can be viewed as the normative basis of the concept of good corporate citizenship (Habermas 1981).

These ideas make it possible to escape the "Weberian iron cage" of instrumental rationality opening for market regimes based on "integrative business ethics" with a broader social basis. Legitimacy is founded on the social community and the human lifeworld based on views of justice as fairness, protection of rights, and the promotion of the common good for society (Ulrich 2008, 416). Thus, according to this alternative view of the legitimacy of business in society, responsibility, integrity, and accountability emerge out of the idea of republican business ethics where the license of operating and good business of the firm is to be a good servant of society.

With this approach, analytical approaches to legitimacy must study the fact that many modern corporations have introduced ethics and compliance programs and values-driven management taking all the firm's stakeholders into account. In many cases, reporting procedures and accountability programs for corporate and social values are introduced into the organization. The corporate boards see them as a means to ensure not only the responsibility and integrity of the organization, but also efficient management, competitiveness, and legitimacy of the firm in a complex democratic society.

6 Business Legitimacy and Business Politics

Political and legal developments confirm the emergence of a new concept of corporate citizenship. Considering the United States, we can see that the US government and legal system, US corporations and researchers from the different fields of economics, law, philosophy, and political science have, in particular, contributed to the institutionalization of ethics and compliance programs in US companies. In the United States, the 1991 *Federal Sentencing Guidelines for Organizations* were very important for developing a policy framework for corporate citizenship, corporate ethics, and corporate social responsibility (CSR). These guidelines have been confirmed by a lot of legislation (SOX) following the Enron and World Com scandals and the guidelines were much needed after the financial crisis.

The legal requirements of the 1991 US *Federal Sentencing Guidelines for Organizations* imply a concept of responsibility where not only individuals are held responsible for their actions, but also where the board of the firm and managing directors as representatives of the firm have a responsibility to institutionalize ethics and compliance programs in the corporation. The use of criminal law to make ethics regulation can be interpreted as an effort to ensure ethical behavior in the institutions of US business life, so that institutional norms can support individuals in complying with the laws and custom of society (United States Federal Sentencing Guidelines 1995, 2017).

In Europe, the European Community has also introduced important policy initiatives concerning corporate citizenship, for example, we can mention the ethics, politics, and legal regulation implied in the EU recommendations on CSR as have been proposed in the European Commission's Green Paper *Promoting a European Framework for Corporate Social Responsibility* published in 2001 (European Commission 2001 and later). In the policy of the European Union, it is argued that CSR should be of a "voluntary nature" and the concept of "stakeholder" is seen as very important in the efforts to include different parties in European stakeholder forums concerning CSR decision-making. This has led to increased focus on business ethics and many corporations work to integrate CSR in their methods of values-driven management and corporate governance.

These developments in the US and Europe have had a global impact. As a normative basis for international business conduct, integrative business contributes to the establishment of such international regimes of good norms for values-driven management and multinational business practice. We are moving towards the creation of a cosmopolitan view of business ethics considering the firm as a world citizen (Rendtorff 2018). Many international organizations and corporations have contributed to the establishment of such an international regime of business ethics. The Caux Round Table discussions involving businesses from most continents were concluded with a proposal for international guidelines for multinational business (Caux Principles 1999).

The principles of UN Global Compact initiated by Kofi Annan in 1999 have been essential for setting norms of good corporate citizenship at the global arena. Today, we also have the program of business and human rights by the United Nations and the different principles find a common expression in the UN Sustainability Goals from 2015. In addition, most European governments and business leaders now look at developments in America in order to formulate appropriate guidelines and compliance programs for ethics and values-driven management in European business life.

Following a number of international guidelines and recommendations, the UN has with the business for human rights principles and the sustainable development goals gathered to agree about principles and rules of conduct with regard to the respect for human rights in multinational corporations (Rendtorff 2018). These policy developments can be interpreted as efforts to contribute to the institutionalization of corporate ethics, citizenship, and CSR as a central element in the agency and governance of the firm. We may say that the firm is not only conceived as an economic and legal subject but also as an ethically responsible actor.

7 Business Legitimacy as Moralization of the Firm

In this process of the institutionalization of corporate citizenship and business ethics in US, EU, and UN and the whole world—a *moralization of the firm*—it is possible to distinguish between: (1) economic responsibilities, (2) legal responsibility, and (3) ethical responsibilities (Carroll 1979; Carroll and Schwartz 2003; Carroll and Buchholtz 2002). The relation between the different kinds of responsibilities should be conceived not as a pyramid (Carroll 1991), but as an integrated concept (a Venn diagram) and it should not be isolated to one single domain (Carroll and Schwartz 2003). The different responsibility should be integrated into an integrity strategy for organizational leadership and governance. With the three-dimensional perspective on business performance including economic, legal, and ethical (philanthropic) responsibilities, corporate citizenship emerges the good management of the tensions and requirements of the different kind of responsibilities (Fig. 1).

We can illustrate the development of corporate responsibility toward corporate citizenship in by emphasizing different features of behavioral activities of corporate legitimacy (Carroll 1979, Carroll and Schwartz 2003; Jensen 2000; Verstraeten 2000; Rendtorff 2009, 2018). There is a development from an economically and legally sound organization toward the ethically and morally responsibly corporation that seeks to act as a good corporate citizen with a proactive attitude toward the common good in society.

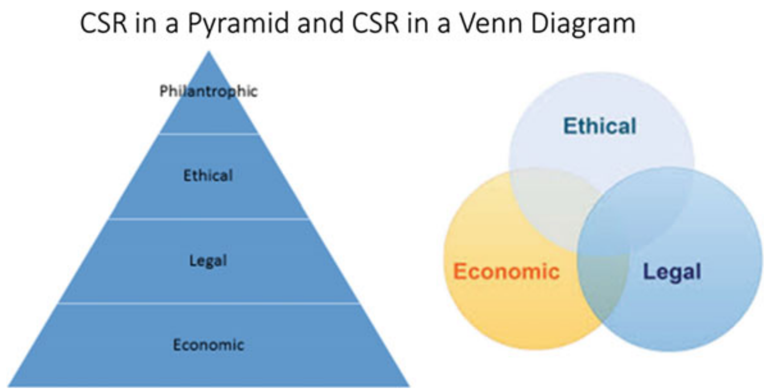

Fig. 1 The two presentations of CSR

8 Types of Business Legitimacy I: The Economically and Legally Responsible Corporation

The original concept of the firm, as ideal type can here be *named the economically and legally responsible corporation* (Jensen 2000). This is a company that sees the market as the defining value of the corporation. The aim of this business is defined as economic success on the basis of minimum compliance with legal regulations. The focus of management is defined as rational strategic planning in relation to economic markets. The focus of search for legitimacy is here based on economic and legal criteria with strict reference to business economics criteria. This business model follows the ethical norms of the economic market and its values as neutral and the business model is based on objective scientific economics (Rendtorff 2018).

The social understanding of this concept of the firm is that it conceives actions as limited to what stakeholders and owners can accept. This model of economic legitimacy emphasizes that the requirement of legitimacy means that the company should not go beyond the limit of action. At the level for strategy of action, the company should here seek economic profits and search to be committed to defensive adaptation by cost externalization and economic management (Jensen 2000).

With regard to social pressure, this model of legitimacy includes that the company maintains a low profile if the action of the corporation is criticized, uses PR in order to improve image and avoid criticism. Information is only published, when it is legally demanded by the external environment of the firm. Moreover, the firm tries to stay away from the public spotlight. In addition to this with regard to its attitude to legal and political activities, the firm that follows this model of legitimacy wants to maintain status quo, and in addition, this firm is actively engaged against legislation that internalizes costs and is critical toward increased tax burden.

The firm tries to keep lobby activities secret. With regard to the concept of corporate citizenship and the broader view of corporate citizenship, the firm that follows the model of being an economically and legally responsible corporation does not have any comprehensive social responsibility programs. This kind of firm only contributes to social responsibility, when the corporations have a direct advantage of philanthropy. And in this context, this firm is most likely to consider contributions to philanthropy not as an institutional responsibility, but rather as the responsibility of individual employees (Jensen 2000).

This kind of firm is a good example of the traditional and dominating idea of the business firm as a legal and economic institution and instrument of transaction without any cultural or institutional substantial content.

9 Types of Business Legitimacy II: The Ethically and Socially Responsible Corporation

The model of the *ethically and socially responsible corporation* in contrast to the ideal type of the economically and legally responsible corporation seeing both the market and the state as important agents, who define the values of legitimacy of the corporation and its activities (Jensen 2000). The aims and means of the business corporation are considered to be an economic success with respect for the economic market and legal regulations but also for the ethical custom of society.

The management focus is, therefore, broader than a purely legal and economic approach and the implied rationality is based on traditional strategic and economic methods. This involves an openness toward new methods of ethics and rationality. In this model of search for legitimacy, the company is marked by an increasing willingness to search legitimacy beyond market criteria. This involves a focus on ethical norms and this means that the company is aware of a necessity of a definition of legitimacy norms in a socially oriented perspective. This company seeks to avoid doing things that are contradictory to prevailing social norms (Rendtorff 2018).

This ideal type of the business corporation in search for legitimacy accepts legal and economic demands, but is also willing to go beyond those demands and related to the stakeholders that are affected by those actions. We can say that the involved strategy for action that is proposed by this company includes a strategy of reactive adaptation. This means that if possible, externalized costs are identified and there is a beginning effort to compensate for such costs (e.g., environmental costs) (Jensen 2000).

With regard to acceptance of social pressure, the company accepts responsibility for solution of concrete problems. Moreover, the business firm admits errors in earlier practices and makes an effort to convince the public that the corporation works to find a better practice. With regard to the concept of legal and political activities, this model of a business firm expresses willingness to work with external partners to improve legislation and adaptation to social norms and laws. Less secrecy with regard to pressure and lobby activities.

The company has some conception of philanthropy going beyond individual responsibility. Accordingly, the business contributes to noncontroversial and well-established aims that also employees support. In addition, the business firm has a tendency to consider philanthropy as a kind of advanced sponsorship activity (Jensen 2000).

10 Types of Business Legitimacy III: The Proactive Corporation Searching for Corporate Citizenship

At a more advanced level, the conception of business firm as *The proactive corporation searching for corporate citizenship* searches for corporate citizenship based on ethical and responsible political business legitimacy (Jensen 2000).

This model of the firm defines the important agents who define the values of the corporation as involving democratic activities at market, state, public discussions, and institutionalization of stakeholders (Rendtorff 2018).

The aims and means of the legitimacy strategy of this company are based on a search for economic success, legal responsibility, proactive search for legitimacy, and for respect as a good citizen in society. This requires a broad management focus going beyond rational strategic planning in relation to economic markets with use of values-driven management, CSR, business ethics, and management based on the triple bottom-line.

In its search for legitimacy, this business model accepts its role as a good corporate citizen as it has been imposed by the social and political system. The ethical norms imply that the company uses ethics and moral thinking to have reflectively conscious opinions about social and political issues in society. Concerning the social acceptance of the actions of the corporation, it is here considered important to conceive good citizenship as a willingness to be held accountable for its actions with regard to other groups than those groups that are not affected by the actions of the corporation (Rendtorff 2018).

The strategy for business action is a proactive adaptation (Jensen 2000). The company activity takes leading positions in evaluation of products and procedures. Actions and activities of the company are evaluated from an ethical perspective and the company anticipates social changes. The strategy for response to social pressure involves that the company communicates openly and self-critical with government and political publics. Moreover, the company works for the improvement of existing legislation and company practice and this model involves that the proactive business firm protests critically against situations that do not serve the common good.

In its conception of legal and political activities, this model of the proactive company search for good corporate citizenship does not mix directly in politics regard laws, where the corporation has direct individual interests. Instead, the company helps as oriented toward good citizenship the legislator and the state to make relevant laws that contribute to the common good. Indeed, this company tries to be open and honest about lobby activities. Concerning contribution to philanthropy, this company contributes to topics of great importance for society and supports groups and organizations that are not likely to give any benefits in return to the corporation. This company considers philanthropy as an important social activity (Jensen 2000; Rendtorff 2018).

We see accordingly how the business corporation can move from a pure economic instrument to a complicated and bureautic institution with little real content based on field experience.

11 Business Legitimacy as Stages of Development

These different business models of stages of development toward business legitimation show that recent developments of corporate citizenship are the convergence between the different responsibilities of the firm. Arguing for a selective use of elements of different political theories as major steps toward the concept of the good citizen corporations there is a common ethical framework for decision-making, while at the same time respecting the fundamental differences between the ethical theories.

The movement from rational choice theory over stakeholder theory, virtue ethics, Kantian universalism, and integrated contract theory to the republican theory of business ethics may be viewed as steps toward a framework for judgment in business ethics as the basis for good corporate citizenship in modern complex societies. This social responsibility and responsiveness is in the forefront of the license to operate of the firm (Rendtorff 2009; Crane and Matten 2016). Responding to expectations of different stakeholders the good citizen corporation is involved in public reasoning and deliberative public communication. Republican business ethics aims at making democratic values the core of values-driven management of responsible corporations.

After having discussed values-driven management and business ethics, there is an established basis for dealing with the concept of the good citizen corporation. This issue concerns the ethical and legal foundations of the idea of corporate social responsibility considered in the framework of an institutional concept of corporate identity and personhood. In this context, we can propose a collectivist and constructivist concept of corporate identity as the foundation of the organizational integrity of the good citizen corporation (Rendtorff 2018).

At the institutional level, organizational integrity can be considered as a result of efforts to establish successful strategies of values-driven management. This is also the basis for trust and accountability of corporations and it makes it possible to formulate an institutional and communicative concept of social legitimacy of corporations. Accordingly, we can propose a meditative concept of corporate intentionality finding a way to overcome the oppositions between the collectivist and the nominalist view on corporate social responsibility.

This position can be considered as an institutional concept of corporate social responsibility, which constitutes the theoretical foundation of the concept of the "Good Citizen Corporation". This view on corporate social responsibility represents a criticism of a concept of responsibility, where it is not possible to ascribe any institutional ethical responsibility to corporations (Laufer 1996). Such a concept of institutional responsibility can be considered as an expression of good intention and high standards of integrity.

12 Business Legitimacy as Organizational Integrity and Good Corporate Citizenship

Thus, the notion of organizational integrity is defined on the basis of the ideas of values-driven management and corporate social responsibility. This is conceptualized as the foundation of good corporate citizenship. The analysis can be proposed as the theoretical justification of the moral and legal professional responsibility of management.

The notion of integrity emerges as the foundation of the idea of a virtuous and responsible organization. It may be emphasized that there is a close connection between individual and organizational integrity. Integrity strategies should be distinguished from compliance strategies because they deal with values and ethics rather than rules and regulations.

We realize that instruments of values-driven management constitute an important institutional dimension of this responsibility. There should be formulated strategies for implementation of organizational values program according to specific values, histories, and contexts of specific firms. Moreover, integrity expresses organizational commitment to justice and fairness with regard to different stakeholders (Carter 1996). Indeed, there is also a close link between leadership, ethical judgment, triple bottom-line management, and the evolvement of organizational integrity. Establishment of organizational integrity and managerial judgment contributes to formulate a framework for coping with organizational dilemmas in the daily practice of leadership. Organizational integrity in judgment is aiming at the ideals of openness, honesty, wholeness, and thoughtfulness.

We may say that programs of values-driven management are useful tools in order to promote a culture of integrity, accountability, and trust in organizations. It is important that genuine trust relations should be considered as important results of values-driven management and ethics in organizational culture. Due to globalization and greater public awareness, there has been established a stronger link between accountability, trust, and social expectations of corporations.

The need to build trustworthy business practices includes management of problems of corporate governance, accountability, and transparency as a deep crisis of public trust and social acceptance of corporations (DiPiazza and Eccles 1997). Therefore, it is necessary to discuss the significance of trust in order to restore corporate image, develop good corporate governance, and to get social acceptance of business in democratic society (Bidault 2002). Trust should not only be considered as an instrument of economic action, but also rather seen as an important social glue and informal lubricant of business organizations.

To consider business practices as based on ethical values moves trust in the center of corporate social responsibility as the background for accountability and integrity of corporations (Solomon and Flores 2001; Hartman and Desjardins 2008). This is due to the fact that generalized mistrust and opportunistic behavior constitutes the limits of fair business practice and cannot be considered as the basis for internal unity and external legitimacy of business corporations.

Therefore, an ethical definition of trust considering that what is trustworthy is based on the accountability and responsibility of the firm. To trust someone implies means to hold that person or organization accountable over time believing that they will perform actions of integrity and honesty. Moreover, trust may be developed out of mutual expectations and promises for reciprocity and collaboration in the future. Thus, there is a close connection between integrity and the accountability of transparent business institutions.

13 Business Legitimacy as Self-reflective Corporate Citizenship

An application of the theory of corporate citizenship is possible in the different fields of business ethics. Here, business legitimacy can be defined as self-reflective deliberation about values and ethics. We can analyze the concepts of corporate social responsibility and sustainable development based on the triple bottom-line as a framework for justice and basic ethical principles. Corporate social responsibility, business ethics, values-driven management, and social and ethical accounting were presented as strategies to include different stakeholders.

This framework can be applied in relation to internal and external constituencies of the firm. Internal constituencies include owners, investors, management, and employees. Among external constituencies emerge relations to other businesses, consumers, marketing, and public relations and to local community. Moreover, in the perspective of sustainable development and concern for a triple bottom-line of economic, social and environmental responsibility the relations of the firm to the environment as a stakeholder need to be included into the ethics of the firm.

Concepts of corporate social responsibility, stakeholder justice, and sustainable development emerge as a practical application of the concept of the good citizen corporation in business ethics. The idea of "justice as fairness" is an appropriate framework for inclusion of stakeholders in corporate decision-making. Basic ethical principles of autonomy, dignity, integrity, and vulnerability can be seen as important expressions of the concept of justice as fairness. These basic ethical principles are directed toward protection of human persons in organizational structures. Here, it is emphasized that the principles of business ethics should have concrete application in corporations. Therefore, it is considered important to move from corporate social responsibility (CSR1) to corporate social responsiveness (CSR2) (Frederick 1994).

Corporate social responsiveness lays emphasis on the company's practical contribution to social management rather on its capacity to talk about it. Corporate social responsiveness is not only about government initiative to make incentives for social responsibility, but also proposals for corporations to make concrete contributions to social betterment. Business ethics is not only about ideal theory, but also about realizing in concrete practice and make a difference for good management strategy.

14 Conclusion

To sum up, the stages of developments of different levels of corporate citizenship responsibility in firms show that the contents as well as the rationality of legitimacy, the way of legitimization as well as the weighting of legitimacy and of legitimization, and the types of legitimacy conflicts have changed. We can say that the development of the concept of responsible and proactive corporate citizenship includes the stages of cognitive, moral, and pragmatic legitimacy, where legitimacy is considered a generalized perception of an organization.

This implies an interdisciplinary perspective with comparative integration of sociological, politological, philosophical, theological, ethical, economic, legal, linguistic, and communication theoretical approaches. Such research on business legitimacy with focus on responsibility, ethics, and society aims at clarifying how the interrelation between company and environment is mediated by legitimating notions in public spaces and public relations. Moreover, it searches to understand how and why notions of legitimacy have changed radically and how these transformations strike on the epistemological as well as practical dimension of business companies; and the problems involved in these transformations at the macro-, meso-, and microlevels.

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Three Important Words: Corporate Social Responsibility—How and Where to Say Them

Khosro S. Jahdi

Abstract Corporate Social Responsibility (CSR) has been growing in popularity and importance over the last decades. The speed of that expansion appears to be gaining further momentum, extremely good news to CSR devotees. However, any organisation's CSR strategies have to be communicated to stakeholders, as well as larger audiences. Due to the existence of blatant advertising of company CSR policies and the increasing cynicism amongst recipients of such messages, many organisations look to alternative communication vehicles. Notable amongst these are Cause-Related Marketing (CaRM), collaborations with NGOs, socially responsible gift giving, sustainability and/or ethical ratings and sponsorships to name a few. This article attempts to find the most effective vehicles for CSR communications and to investigate their impact on sceptical audiences who are continuously showered with similar messages.

Keywords CSR · Communications vehicles · Media · Stakeholders

1 Introduction

Dean 2003, (Pirsch et al. 2007; Van de Ven 2008) state that the manner in which consumers decode CSR communications positively or adversely requires further investigation. Parguel et al. 2011, p. 15, (quoting Hutton et al. 2001) assert that: '... *consumers*' *responses ...more specifically to CSR communication…has gained greater importance, because CSR communication expenses have grown to become the third largest budget item for corporate communication departments in large companies*'. Furthermore, '…*increasingly socially conscious shoppers ...account for more than 90% of shoppers internationally…*', writes (Brooks 2013 as cited in Plewa et al. 2015, p. 796). van Halderen et al. (2016, p. 567) write: '*society is increasingly putting pressure on companies to act in ways that enhance social and*

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environmental welfare and to provide more information about their corporate responsibility efforts'. KMPG (2013) asserts that companies' understanding of CSR and sustainability topics as part of their business is on the rise. Their survey involving 4,100 companies revealed that over 70% undertake CSR reporting, a major improvement in comparison with around 2/3rd doing so in 2011. A similar research carried out by the MIT Sloan Management Review and BCG (Kiron et al. 2015) showed that sustainability communication (an off-shoot of CSR communication) has increased over the past 4 years. Furthermore, it is often communicated and measured using clear Key Performance Indicators (KPIs) and firmly placed on the senior management agenda. With the growing popularity of CSR, every organisation worth its salt has embarked on taking steps to formulate relevant policies and strategies, if not fully or partly engaged already. However, it is the manner in which such initiatives manifest themselves, in addition to the medium/media that will be under investigation in this paper. Many may be viewed merely as cosmetic exercises, window dressing, or a PR stunt, while a few could come across as genuine and truthful. However, it can be argued that CSR does have the potential to offer a number of benefits. Epstein and Roy (2003) state that CSR is not only good for just society but also the business itself, while, Porter and Kramer (2006) claim that the demand for CSR amongst stakeholders is an indication of a potential growth for companies to explore whether engaging in CSR pays dividends. This issue combined with the stakeholders' higher expectations brings about increased and widespread dissatisfaction with organisations engaged in and communicating CSR, raising public scepticism towards company CSR messages. Christensen et al. (2013) believe the public feels such messages may be separate/isolated from corporate practices. Habermas (1984, p. 95) writes: '*…CSR communication…would entail persuading others about the 'good' actions or using the language as a medium of self-presentation of the organisation as responsible and sustainable*'.

Minor and Morgan (2011) assert that for many organisations, the most precious assets lie not on the balance sheet, nor the capital of the employees, but rather in company reputation. They further warn of the fragility of the nature of reputation, i.e. once tarnished extremely it is difficult to repair. Minor and Morgan's paper sees CSR as some form of an insurance policy against reputational risk. They further state that although CSR is generally speaking thought of a tool for '*doing good*', (citing a variety of examples), '*not doing harm*' is indeed more important. They warn of doing '*good*' while also doing harm, as this can result in '*…reputational consequences that are worse than simply doing nothing at all*' p. 41). In short, CSR as reputation insurance can only be effective when an organisations behaviour is consistent: doing '*good*' will not automatically erase '*bad*' behaviour. Chernev and Blair (2015) report that CSR is commonly regarded merely as a vehicle for improving corporate reputations and engendering good will amongst customers. They base this on a survey of over 300 CFOs, investment analysts and CSR specialists (McKinsey and Company 2009). Their research aimed to illustrate the extension of CSR beyond PR and goodwill to include customer evaluation of the firm's products and/or their performance. Another survey attempting to gauge the impact of FedEx's CaRM efforts (Lachowetz and Irwin 2002) indicated that over

75% of the respondents would be more willing to use the company's services in the light of its support for charities. Green et al. (2016, p 29) research which focused on a unique form of CSR behaviour considered 'gift giving' by companies. Depth interviews with 30 consumers resulted in some unexpected outcome. In '*…some instances consumers actively avoid purchasing products from socially responsible organisations and do so with the intention of managing their impressions with the gift recipients*'. CSR affects and influences all management disciplines, some more than others perhaps. It is worthwhile to state that: '*forays into CSR by the marketing discipline have proved to be the exception rather than the rule…a major paradigm shift (could enable) CSR initiatives driven by marketing (to be) taken more seriously*', (Jahdi 2014, p. 676). That said, finance, HR and production have undoubtedly all been researched from a CSR perspective as each has the potential to go astray, as it were.

2 Perspectives on CSR

Basu and Plazzo (2008) suggest three fundamental lines of CSR inquiry prevalent in academic literature, as follows:

1. Stakeholder-driven—this is a reaction to the demands of external stakeholders that might include NGOs, governments and pressure groups. Perhaps if it was pro-action rather than reaction, this approach might have more of an impact and higher chances of being accepted.
2. Performance-driven—the concept of 'good ethics is good for business'; or to cite Carroll (1998, p. 1) '*What is business expected to be or to do to be considered a good corporate citizen*?' This perspective tends to focus on image creation and maintenance as opposed to what drives the firm to be ethical and socially responsible.
3. Motivation-driven—either extrinsic motives such as corporate image improvement, pre-empting legal penalties and risk management; or intrinsic motives such as virtue ethics and Kantian duty ethics and so forth. This is perhaps better than the other two perspectives but only in the 'intrinsic driven' motives part.

Although some research indicates that communicating about CSR activities does not necessarily reflect positively on a company (Sen and Bhattacharya 2001), others show that organisations conveying a socially responsible image are perceived more positively and trusted more with respect to their integrity and credibility (Swaen and Vanhamme 2004). The Co-operative Bank in the UK used to be a prime example of such an organisation and one that survived in the aftermath of the 2008 global financial catastrophe while many banks and building societies lost more than just money. Sadly following some unfavourable revelations about the Co-op's senior management and the emergence of other negative news, that position and the image have been severely tarnished. Indeed at the time of writing in the spring of 2017, the Bank is in an even more precarious position. What is becoming more evident is that companies that highlight their CSR credentials become under increased scrutiny lest they err. Meanwhile those not making such claims are less under the spotlight (Fig. 1).

Approach	CSR type, outcomes and examples
Posthumous	CSR applied for damage limitation purposes; a death mask Seib and Fitzpatrick (1995) referred to the Exxon Valdez incident that involved a tanker tearing itself open on a reef in Alaska's Prince William Sound on March 24, 1989 and spilling more than 10 million gallons of crude oil. A combination of international media coverage, Exxon's apparent lack of preparation and hesitancy to tackle the media effectively and efficiently exacerbated the situation. Instead, Exxon could have gone beyond mere damage repair and regulatory compliance by admitting to having created an environmental disaster, investing in a complete clean- up operation and formulation of relevant CSR strategies that would make Exxon the future industry CSR champion.
Pantomime	Superficial play-acting dressed up as CSR: a masque British arms manufacturer, BAE systems are not only the global suppliers of lead free eco-bullets (since 'lead used in ammunition can harm the environment and pose a risk to people'), they in addition developed a whole host of 'green' munitions such as less noisy warheads (to reduce noise pollution), smoke free hand grenades, and armoured vehicles fitted with hybrid engines (New Internationalist, November, 2006). The company has a Director of Corporate Social Responsibility who rather philosophically explained: *"Weapons are going to be used and when they are, we try to make them as safe for the user as possible, to limit the collateral damage and impact as little as possible to the environment".* What the Director of BAE Systems overlooks is the fact that the company's core products are designed to harm people. Two major tobacco companies. Two major tobacco companies, JTI and BAT which are banned from advertising in the UK have long-standing lucrative corporate membership deals with the British Museum and the Royal Academy of Arts, etc. (The Observer, 1st May, 2016).
Piecemeal	Token gestures in application of CSR: masking mosaic Certain petroleum companies have also attempted to jump on the CSR bandwagon by publicising their investment in alternative fuel research and development (usually a fraction of their overall investment) while maintaining the status quo and producing conventional fuels attracting the largest part of their investment. When John Browne -a former CEO of BP and Nick Butler (Financial Times, 2007) called for government action on climate change, they were talking about a carbon trading scheme likely to profit BP without the company having to make any great effort to reduce emissions. In addition, critics, such as Dreisen (1998) also identified the adverse impact of such schemes on developing nations.
Public Relations	Communicating CSR intent to stakeholders: word masks CSR helps to 'greenwash' a company's image, cover negative impacts with positive images of its CSR credentials in a barrage of targeted media releases. Stauber (2007) webpage, http://www.prwatch.org/taxonomy/term/110 lists a number of 'front groups' such as the SUV owners' Association, whose board is composed of industry representatives and which paid $400,000 to a PR firm Stratacomm to lobby the US senate against proposed higher fuel economy standards legislation.

Fig. 1 The 10 Ps of marketing approaches to CSR (Jahdi and Cockburn 2007)

Parsimonious	Frugal CSR spend: modesty masks This may occur when an organisation is under legal or regulatory pressure to formulate and implement CSR policies. No more financial or non-financial resources are invested in such activities, policies, operations etc. beyond compliance with requirements. Although the company may wish to convey a socially responsible image due to adherence to the laws of the land and communicate a clean cut image. BusinessWeek ran an article entitled *The New Netrepreneurs - Dot-com veterans are creating smarter startups for a chastened world* (October, 2001) and argued that following the dot com bubble bursting entrepreneurs were being more financially prudent and closely monitoring costs and expenditure (accessed 30/11/07 at http:// www. sparkpr. com/ client _news/ 2001/ 10/the_new_netrepreneurs _dotcom_ v. shtml).
Parrot fashion	Follows competition blindly: ‘me too’ masks Sometimes this sort of thing occurs accidentally. At other times, there is a deliberate campaign of ‘tit for tat’ copycat marketing as recently discussed by C. Turner in *Marketing Week (August 9th 2007,last accessed on 30th November,2007 at http:// www. marketingweek. co. uk/item/ 57443/pg _dtl _art _news/pg_hdr_art/pg_ftr_art* when reviewing the dispute between Npower and EoN about their respective advertising campaigns.Each accuses the other of a copycat campaign and Npower has admitted using one but argued that Eon did it first in their Go Green campaign.
Profit driven	CSR for economic gains only: Midas mask Some companies seek a CSR path due chiefly to their anticipated financial rewards. In June 2007 General Electric, for instance, announced how it was profiting from its environmentalism efforts and was on track to double its earnings from clean technology to £20 billion over five years (Marketing Week, 31st May 2007).
Partnership	Collaborative CSR paradigm: sharing unmasked The Co-operative Bank in the UK, despite the fairly recent negative publicity, and dire health, still uses such an approach as it consults its customers on major issues the results of which are then published in its Partnership Reports (see Jahdi and Cockburn, 2007). This is where the communication arm of the marketing mix could be effectively used to contribute to company CSR. In marketing parlance, this approach could be applicable at the highest level of CRM (Customer Relationship Management) and KAM (Key Account Management).
Proactive	Anticipation of possible CSR benefits: Unmasked vision Zadek (2003) writes that some organisations could find that taking advantage of certain opportunities may be beyond their reach as individual firms. To remedy this, competencies and capacities can be stretched by means of tri-partite partnerships, involving business, ‘civil-society’ organisations and government agencies. Although alliances such as this pose particular challenges as they aim to bring together diverse interests, philosophies and organisational cultures, they are also capable of offering mutually beneficial outcomes, if managed effectively and efficiently. However, the main focus of these partnerships tends to be on business generation rather than CSR application
Philanthropic	Welfare of fellow humans: Altruism unmasked Nan and Heo (2007, p 64) warned that: *“while these research findings are encouraging to companies using cause-related marketing, the **absolute** nature of the measures makes it difficult to quantify the amount of positive effects that cause-related marketing has on consumer responses.”*

Fig. 1 (continued)

The table above suggests a wide variety of approaches employed by organisations to communicate their CSR. The first seven approaches above, as individually explained, are often regarded by many consumers as the 'business as usual' way that companies do CSR. That complaint thereby justifies some of the consumers' own inconsistent or hypocritical approaches to purchasing. The last three Ps above may provide a scaffold for future marketing patterns of a more socially responsible type. The latter is premised on more economically and socially advantaged societies taking the lead for two reasons. First, an economic surplus in household income and security of employment or availability of a 'safety net' is usually a pre-requisite for consumers to even consider themselves as fortunate enough to have a choice. Second, as a sign of goodwill to demonstrate to hesitant companies and governments in emergent economies that they will not be drawn into any competitive 'ambush' that some feel occurs with carbon trading proposals as mentioned above.

For any communication to be successful source reliability and credibility are essential requirements. H&M the global retailer, launched a World Recycle Week on 18 April, 2016 aimed at capturing 1,000 tons of unwanted clothes during that week; so far, so admirable and ethical. However, recycled yarn is used in a small percentage of new garments. Using publicly available figures and average clothing weights, it would take 12 years for H&M to use up 1,000 tons of fashion waste (Siegel 2016). Similarly, at the 2015 annual meeting BP promised to be open about its impact on climate change; a resolution that received 98% shareholder approval. However, ShareAction, the responsible investment group states that BP has fallen well short of the commitments it made last year. In addition management's targets and pay incentives continue to encourage the replenishment of fossil fuel reserves (the Guardian, 11 April, 2016).

An important point must be taken into consideration. As well as controllable CSR communications there invariably is a whole host of uncontrollable CSR despatching/conveying of information that simply adds further to consumer confusion. Therefore, the nature of industry and the company's perceived image and reputation can play crucially important parts in the transmission of such messages. The media employed for communication could also play an important role. Illustrated below is an integrative model of corporate identity composed of five distinct facets (Fig. 2).

The last two concerns are the ones that the company should really focus on; that said, 'what the brand stands for' now and in the past also plays a very important role in planning for the future. Communication could certainly have a major role in not only improving the current image, but also enhancing the future one.

Furthermore the company must also walk the talk, i.e. put words into action, empty CSR-related rhetoric will simply not do. As for the industry/company nature mentioned above, Elkington (1997) suggests four company types as follows:

- Butterflies: low impact, regenerative
- Honeybees: high impact, regenerative
- Caterpillars: low impact, degenerative
- Locusts: high impact, degenerative

Critical Concern	Identity Type	Concept	Time Frame
What we really are	Actual	corporate identity	Present
What we say we are	Communicated	corporate communications	Past/Present
What we are seen to be	Conceived	corporate image	Past/Present
What the brand stands for	Covenanted	corporate brand	Past/Present
What we ought to be	Ideal	corporate strategy	Future
What we wish to be	Desired	CEO vision	Future

Fig. 2 The ACID test of corporate brand management (Balmer and Greyser 2003)

The first two categories refer to companies that are in the business to create and offer benefits to their stakeholders, and obviously to make a profit. The first with low impact be it on the environment and/or society, while the second's high impact could have long-term implications. However, the degenerative categories, especially the high impact type amongst which certain mining and extractive companies may appear—would find it extremely difficult to convey a socially responsible image/message. When Union Carbide (infamous for the 1984 Bhopal disaster in India) attempted to sponsor the 2012 London Olympics, there was public uproar and the company withdrew its offer.

Benjamin Franklin the great American inventor once commented that: '*glass china and reputation are easily cracked but never well mended*'. Snider et al. (2003) warn of the considerable growth in corporate communications with CSR reports 'filling web pages and brochures' mainly in reaction to stakeholder demands. While Sims and Brinkmann (2003, p. 243) cite the case of Enron which '*looked like an exceptional corporate citizen with all the corporate social responsibility and business ethics tools and status symbols in place.*' Therefore, it comes as no surprise that many stakeholders do not readily accept CSR-related messages from companies.

3 Public Relations (PR)

Public relations as a communications tool has been invariably viewed with suspicion in its oft-ridiculed guise of 'spin doctoring'. Ewen (2003) said that the history of PR is one of a battle for what is reality and how people will see and understand reality. PR can be employed as a major marketing communications tool to convey an organisation's CSR policies to its stakeholders. However, if one is to cite the models below perhaps the 'two way symmetric' approach would be an ideal choice,

Model	Type of communication	Characteristics
Press agent or publicity	One way communication	Uses persuasion and manipulation to influence audiences or behave as the organisation desires.
Public information model	One way communication	Uses press releases and other one way communication techniques to distribute organisational information. The PR practitioner is often referred to as the in-house journalist.
Two way asymm-etrical model	Two way communication (imbalanced)	Uses persuasion and manipulation to influence audiences to behave as the organisation desires. Does not use research to find out how stake-holders feel about the organisation.
Two way symmetrical model	Two way communication	Uses communication to negotiate with the public, resolve conflict and promote mutual understanding and respect between the organisation and its stakeholders.

Fig. 3 Four Models of PR, Grunig and Hunt (1984)

where dialogue takes place and both sides are to treat each other as equals and with open minds. If one party's argument appears logical then the other would be willing to embrace it. Anecdotal evidence suggests that the large majority of CSR communications seem to be in the form of one or more of the first three models (Fig. 3).

4 PR and Astroturfing

Mellahi and Wood (2003) state that marketing managers (to whom advertising managers might be answerable) have collectively gained the power to shape the choices and lifestyles of large numbers of consumers. Such power could also be used to alter existing ethical norms and/or manipulate them in the company's interest. John Stauber of PR Watch warns of the use of the so called 'astroturf campaigns' as '*the appearance of democracy bought and paid for with millions of dollars from wealthy special interests*' (www.corporatewatch.org.uk). According to the Guardian newspaper (4 June, 2014), a pro-Kremlin group funded a vast network of online activists to create the illusion of widespread support for Vladimir Putin which seemed rather bizarre considering the restrictions imposed by that authoritarian state. Multiple online identities and fake pressure groups are used to mislead the public into believing that the position of the astroturfer is the commonly held view. The practice is not unique to Russia and is practised throughout the globe. The same newspaper also reports that a number of large organisations now employ sophisticated 'persona management software' to create armies of virtual astrotufers, complete with fake IP (Internet Protocol) addresses, no-political interests and online histories. Authentic looking profiles are generated automatically and developed for months or years prior to being used for political or corporate campaigns. With the continuous improvements of software, the identification of these astroturf armies will become extremely difficult to do, thus undermining efforts to conduct open debates online. Needless to say some organisations would be keen to try this approach to publicise or authenticate their CSR policies. Fallin et al. (2013) publicise the fact that commencing in the 1980s, tobacco companies (in the US) endeavoured to create the appearance of broad opposition to tobacco policies by means of attempts to create a so-called grassroots smokers' rights movement. Simultaneously, funding was offered to third party groups, such as Citizens for a SoundEconomy (predecessor of FreedomWorks, and more recently Tea Party organisations, etc. intent on accomplishing economic and political agendas. Until fairly recently the UK also possessed FORREST that acted as a mouthpiece for smokers. On a lighter note, David Hockney, the world-famous artist, continues his efforts in a similar manner. A quick glance at British American Tobacco (BAT) website includes sections on sustainability, CSR and Ethics&Governance. Its 'Business Principles and Framework for CSR states: '*…we recognise that a reduction in the health impact of tobacco consumption is a legitimate public health objective. However, tobacco products are legal, significant demand for them exists and seems likely to continue and informed adults have rights to consume them…*' The term 'informed adults' is used in almost every sentence on their website. The question is: informed about what and how? The billions of people throughout the world that smoke are not really all informed of the harmful and fatal impact of smoking. If such an organisation boasts about its CSR, how seriously can consumers believe other companies' similar claims? Similarly, major tobacco companies, in an attempt to escape the impact of the ban on advertising their products in the UK, use sponsoring some of London's most respected arts institutions. This is an attempt to promote the 'spurious idea that they are responsible corporate citizens'. JTI pays almost £40,000 per annum to the Royal Academy for a premier membership package that sees the organisation listed in all exhibition catalogues. The same company is also a corporate supporter of the Southbank Centre on whose website its logo appears. Furthermore, British American Tobacco is an associate member of the Royal Academy of Arts and a corporate sponsor of the London Symphony Orchestra (the Observer, 1 May, 2016).

In order to attend the January 2015 World Economic Forum in Davos, where the topic under discussion was climate change, world leaders arrived separately in 1,700 private jets, unintentionally perhaps sending a very confusing message (Elving et al. 2015). According to the Guardian newspaper (1 March 2016), Paddy Power, the bookmaker, encouraged a problem gambler to continue betting until he lost five jobs, his home as well as access to his children. Once the Gambling Commission pointed this out to the company, as a gesture of goodwill, Paddy Power donated £280,000 to a 'socially responsible' cause. With actions such as these, scepticism towards CSR related communications can only be intensified.

5 Cause-Related Marketing (CaRM)

Sheikh and Beise-Zee (2011, p. 28) write: '… *given that the communication of a firm's commitment to CSR is a vital motivation, CSR is often practised* via *the support of causes […]. In a marketing campaign a cause can help in communicating a favourable message to a specific segment of the market, e.g. those customers who hold dear the same or similar cause*'. Adkins (Adkins 1999, p. 11) defines cause—related marketing as: '*…activity which businesses and charities or causes form a partnership with each other or market an image, product or service for mutual benefit*'. The North American Sponsorship Spending vis-à-vis 'causes' was $1.92 billion in 2015, a 4.0% growth on the previous year (www.causemarketingforum.com/site).

This at a glance illustrates the growing importance of cause-related marketing. Sheikh and Beise-Zee (2001) state: '*CaRM is not to be viewed as a synonym, but a manifestation of CSR; indeed a dimension of it termed specificity or cause specificity of CSR*', (as cited in Jahdi 2014, p. 675). Chang and Cheng (2015) cite American Express as being the first high profile cause-related marketing promotion which in 1983 announced it would donate one cent per transaction made with the card for the restoration of the Statue of Liberty. Other companies that have applied cause-related marketing include the US based FedEx which as part of its CSR philosophy supports its employees and the communities in which they live. This takes the form of corporate donations, in-kind services and employee volunteerism. It also collaborates with charitable organisations such as the International Red Cross. A survey aimed at measuring the impact of FedEx's CaRM efforts indicated that over 75% of respondents would be more willing to use the company's services based on its support for charities. Amongst further examples using CaRM can one could refer to the American Arthritis Foundation's partnership with the publishers of the Reader's Digest and RxRemedy in order to help create awareness of the disease, and portray the publication as socially responsible (Jahdi 2014, p. 4). A more recent example is Body Shop's advertising boards using technology company Airlabs in pollution hot pots of London. People seeking respite from the capital's air pollution can take a deep breath at one of London's three new bus stops. The system works by trapping harmful particles (PM2.5), via a filtration systems before gas pollutants, such as NO2, are absorbed, delivering clean air to bus stop users (Lucy Siegle, the Observer, 11 June, 2017). Anecdotal evidence perhaps suggests that there is still a great deal of mileage left in Cause-Related Marketing as a means of conveying an organisation's socially responsible image. However, as with many other communications tools, the task of convincing the various stakeholders is not getting easier either.

6 Conclusion

Sheldrake (2011) cited in Waddington (2012, p. 8) writes: '*No organisation is an island. Everything it does occurs within the context of a changing world, in a dynamic interplay with every entity around it. The revolution in information and communication techniques has made this …increasingly transparent, immediate and global. If* '*perception is reality*' *characterised 20th century marketing and PR,* '*reality is perception*' *is the 21st century axiom…*'

This paper attempted to highlight the various forms of CSR-related communications as well as their pros and cons however, as mentioned in a number of occasions it is becoming extremely difficult to convince an increasingly suspicious and distrusting groups of stakeholders of the CSR intentions of organisations.

A famous and ancient Persian saying goes: '*if there*'*s a person in the house, one word is sufficient!*' That obviously depends on who that person is, what word is actually spoken, by whom and for what purpose. One golden marketing communications rule is that if the sender of the message lacks credibility and reliability, then it will not have the desired effect.

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Evaluation for What Purpose? Findings From Two Stakeholder Groups

Tracey Wond

Abstract A host of reasons exist for the pursuit of evidence in the public sector, including to support good governance and policy development. As the expectations for evaluation from policymakers have evolved, so too has evaluation practice and a great deal of experimentalism has ensued. There is a risk that these developments, and the inherent complexity within them, may lead to conflicting expectations about why evaluation is done or even a loss of purpose. This prompts the meso-level analysis of two types of stakeholders in a governance network, explored in this chapter. This chapter presents the findings of an ongoing study which explores the perceptions of evaluators and policy implementers towards the purpose of evidence. The findings suggest evaluators and policy implementers have divergent expectations of why and how evaluation data might be used. The findings suggest that evaluators aspire to make a change and enhance the policy domains they serve, whereas policy implementers perceive evaluation as serving a more governance-/management-orientated role. The use of evaluation as a symbolic or structural mechanism also emerges, prompting opportunity for further research, for instance, to explore legitimacy and evaluation. The chapter demonstrates the complexity of both evaluation and policy, and may have implications for the twin pillars of governance and responsibility at the heart of the book. If governance and responsibility are the twin pillars of sustainability, then the complex networks of relationships, expectations, values and outcomes may need to be considered.

Keywords Evaluation utilisation · Governance · Evidence-based policy and practice · Complexity

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1 Introduction

The growth of evaluation has been heavily linked to public reform and the emergence of the New Public Management (NPM) ideology (Shaw 1999). Through NPM, public sectors across the world have engaged heavily with evidential mechanisms such as evaluation (Taylor 2005). Evaluation provides a means to ensure good governance, assuring value for money, efficiency, and accountability (Boaz and Nutley 2003; Bovaird and Loeffler 2007; Stern 2008).

Tension over the purpose of evidence and role of evaluators has mounted over several decades. Adelman (1996, p. 295) acknowledges the tense and contradictory relationship between evaluation and policymakers: 'evaluators want to influence policy-making, but few were willing to participate in the process of decision-making; that was the responsibility of policymakers'. Others have noted 'growing disagreement and confusion about what constitutes sound evidence for decision-making' (Donaldson et al. 2009, p. 12). The extensiveness of the evaluation concept can be problematic and confusing (Weiss 1972; McKie 2003), and this has heightened as evaluation has evolved with sophisticated methodologies emerging to demonstrate responsible public spending, demonstrate success and identify what works (Bristow et al. 2015). This chapter, and the research underpinning it, responds to recognition that a dearth of studies explores the practice of evaluation (Fitzpatrick et al. 2009). A decade earlier, Pawson and Tilley (1997, p. 24) suggested that a synthesis of evaluation theory was necessary, given that evaluation had been 'tossed back and forth on a sea of favourable and ill tides', but still little exploration has come (with the exception of much methodological contributions). Seppanen-Jarbela (2003, p. 76) asserts that 'there is an obvious need to rethink why, what for and who for evaluation data is collected', and this chapter explores the 'what for' part of this assertion.

Further, there is increasing acknowledgement that public policy, governance arrangements and evaluation coexist in complex environments (Walton 2016). It is reasonable to assume that as models of public administration become more polycentric and more stakeholders become involved in policy development, decision-making and governance, this complexity will intensify (Evers and Ewert 2012). This chapter acknowledges these complex systems.

The study on which this chapter is based sought to identify and compare the perceptions of evaluators and policy implementers towards the purpose and use of evidence. It is based on semi-structured interviews with 19 evaluators (internal and external) and 10 policy implementers (managers and senior personnel of publicly funded programmes) in the UK. The study, therefore, explores evidence used at the meso-level in a governance network context.

The twin pillars construct, central to this book, supposes a relationship between governance, responsibility and sustainability. Evaluation and the role of evidence have been linked heavily to the concepts of responsibility and governance represented in these twin pillars, particularly within public administration and evaluation sciences literature (Berk and Rossi 1990; Newcomer 1997; Davies 1999; Taylor 2005; Hansson 2006; Bovaird and Loeffler 2007; Stern 2008). The findings presented herein encourage those exploring the twin pillars construct to consider the changing modes of governance and to acknowledge the increasingly complex systems in which evaluation and policy concerns such as environmental sustainability reside.

2 Literature Review

2.1 Introducing Evaluation

Evaluation is the 'systematic study of the behaviour of groups of individuals in various kinds of social settings, using a variety of methods (Christie and Fleischer 2009, p. 21). Evaluation extends several disciplines, attracting the label of a 'metadiscipline' (Picciato 1999, p. 7) and 'transdiscipline' (Scriven 1996, p. 402). These labels provide an example of the breadth of the evaluation definition and the scope for evaluation to be misunderstood by the multiple stakeholders engaged with it. Stecher and Davis (1988, p. 23) summarise this position, 'there is no single, agreed upon definition of evaluation… there are a number of different conceptions about what evaluation means and how it should be done'. The extensiveness of the evaluation concept results in several varying purposes of evaluation emerging and there have been some attempts to characterise these in the literature (Husbands 2007; Shaw and Faulkner 2006; Berk and Rossi 1990).

2.2 Purposes of Evaluation

Chelimsky and Shailesh (1997) identify that evaluation can serve purposes of 'accountability', 'knowledge' and 'development'. Others have broadly supported these categories, identifying the need for evaluation to support policymakers to learn (Husbands 2007; Shaw and Faulkner 2006) and to assure governance (Shaw and Faulkner 2006).

2.2.1 Evaluation for Governance

Governance has become a catchall term (Frederickson 2005) and it is important to define what it is, in order to understand what is implied by the notion of 'evaluation for governance' described here. Klijn (2008, p. 507) identifies the following four main definitions of governance:

- Governance as 'good/corporate governance', relating to the fair and proper operation of government;
- Governance as 'new public management', including embedding performance measurement and accountability mechanisms for those delivering public services;
- Governance as 'multi-level' and/or 'inter-governmental', embracing the multiple layers and hierarchies of public organisations;
- Governance as 'network governance', which implies the need to manage across networks and complex systems, that often cross boundaries are involve multiple actors.

Emerging from these four definitions of governance, it appears that governance extends beyond denoting an activity (i.e. something that is done), in a single organisation (ensuring fairness, evaluating). Governance by Klijn's (2008) definitions appears more pervasive, difficult to bound and scalable. This is typical of a complex system (CECAN 2018).

Crowther et al. (2017) identify good governance as comprising four parts, 'transparency', 'accountability', 'responsibility' and 'fairness'. This appears to integrate Klijn's (2008) notion of new public management, which was kept separate in Klijn's definitions. The role of evaluation in supporting each of these four principles is well supported, as Table 1 demonstrates.

Public management reform has driven much of the evaluative activity that we observe today (Hansson 2006; Head 2008; Henkel 1991; Taylor 2005). Efficiency, control, value for money and accountability were central components of 'New Public Management' (NPM) (Hansson 2006), and evidence to demonstrate the achievement of such outcomes was necessary (Davies 1999; Bovaird and Loeffler 2007; Stern 2008). Evaluation became a 'key entry in the lexicon of new public management (Taylor 2005, p. 602) and a measurement-driven culture ensued in public services in many parts of the world (Kettl 2005; Klijn 2008; Taylor 2005).

Table 1 Evidence for governance

Evidence for Transparency	Evidence for Accountability
• To demonstrate where public funds are spent (Glendinning et al. 2002; Clarke 2004; Jones et al. 2007).	• To demonstrate that public funds have been spent well and provided value for money (Barbier 1999; Davies 1999; Huebner and Betts 1999; McCoy and Hargie 2001). • To substantiate results, outcome, impact, and outputs (Berk and Rossi 1990; Newcomer 1997; Sanderson 2000).
Evidence for responsibility	**Evidence for fairness**
• To demonstrate that public funds have been spent responsibly. • To develop/improve/learn in order to more effectively allocate future spend (Stecher and Davis 1988; Patton 1997; Shaw 1999; Shaw and Faulkner 2006).	• To demonstrate that processes deemed fair have been followed in spending public funds. • To demonstrate distributive and procedural equity in who came to benefit from public funds (Tompa et al. 2008)

Source Author's own

Attempts by public services to be more responsible, strategic and efficiency have reinforced the evidence-based policy and practice concept, and the need for evaluation for evidence ‘to promote accountability and control’ (Sanderson 2000; Shaw 1999). Further, evaluation has played a key role in embedding and legitimising neoliberalism (Giannone 2016). Greater public voice and media scrutiny have also pressured public services to demonstrate responsible stewardship of ‘taxpayers’ money’ (Barbier 1999, p. 378).

2.2.2 Evaluation for Learning

The potential for evaluation to serve a learning or developmental purpose are also well acknowledged (Weiss 1972; McCoy and Hargie 2001; McKie 2003; Shaw and Faulkner 2006; Fitzpatrick et al. 2009). This includes development programme theory, influencing the design of policy interventions, providing ongoing feedback and influencing future interventions. Indeed, several evaluation constructs have emerged to distinguish this learning purpose. Scriven’s (1980, p. 6) formative/summative dualism identifies the provision of feedback ‘to improve something’, and the provision of knowledge to decision-makers as central to formative evaluation.

Many have contended this learning purpose (Bovaird and Davis 1996; Iriti et al. 2005), in particular, questioning the impartiality and independence of evaluation. The expansive nature of evaluation (extending to audit, performance measurement, process evaluation, etc.) compounds such contention:

> When we had no interest in changing anything we had less need to explain—it would suffice to assess performance…evaluation has moved upstream to become involved in policy analysis and programme design and downstream towards implementation and change management (Stern 2008, p. 251)

The movement of evaluation ‘downstream’, towards development and implementation is not necessarily a new role for evaluation and resonates with its historical roots in supporting US reform. However, it does represent scope for confusion and conflicting expectations (Weiss 1972; McKie 2003; Donaldson et al. 2009).

2.3 Challenges Facing Evaluation and Evidence Use

The under-utilisation and effectiveness of evaluation findings have frustrated both evaluation communities and those who fund them, expounding criticism that evidence-based policy and practice (as a mechanism that evaluation feeds) is ideological, flawed and failing (Parkhurst 2017). Despite significant public expenditure being committed to construct such evidence bases (see for instance National Audit Office 2013), the use of evidence to inform policy intervention is sporadic, and there are increasing accounts of the underuse and misuse of such evidence (Weiss 1993; Wond 2017). EBPP has endured a great deal of criticism and despite maturing as a concept, in practice, it has struggled to become fully institutionalised or legitimated in many areas of public policy. The failure of negative evaluation reports, including Brexit impact assessments, to be disclosed in a timely manner are examples of this.

The changing face of the public sector and form that governance takes may also have implications on evaluation. Greater private–public partnerships have stimulated a fundamental rethink on how governance is assured and the notions of 'co-governance' and 'new public governance' have emerged as a result (Osborne 2000; Theisens et al. 2016). 'New forms of horizontal governance' (Klijn 2008, p. 506) have embedded more polycentric and participative forms of public sector decision-making and are structured around greater citizen involvement. Evaluation has responded with more participative methodological approaches (Plottu and Plottu 2009). As more stakeholders become involved in governance and evaluation there is a risk that it becomes increasingly difficult to satisfy the expectations and stakeholder claims of the many. Stakeholder identification and salience theory suggest that not balancing the claims of various stakeholders (after assessing various attributes to determine salience) may result in harm to the organisation (Neville et al. 2011).

A host of elaborate methodologies and perspectives of what makes good evidence have emerged (reigniting the quantitative/qualitative paradigm war in doing so), and have further alienated policymakers from the evidence bases meant to help them (Bristow et al. 2015). Walton (2016) suggests that as policy systems become more complex, buy-in across governance networks, rather than further technical sophistication is necessary.

2.4 Complexity Theory

Whilst this study does not seek to explore complexity theory in detail, nor make it a key feature of this chapter, the theory does acknowledge the complex systems underpinning the setting for this study, and is therefore worthy of some introduction.

Complexity is 'a form of order that emerges when certain sets of things interact in certain ways with one another' (Castellani and Hafferty 2009: 123). Complexity theory began in the physical sciences (Walton 2016) and gradually expanded into fields including management, organisation and public administration sciences. Complexity has been described as very many things including a methodology, philosophy and theory (Haynes 2008; Walton 2016).

There are many characteristics inherent in complex systems including the cross-boundary nature of activity and issues (Meek 2014), non-linearity (Gilbert 2017), boundlessness (CECAN 2018), uncertainty and unpredictability (Meek 2014; CECAN 2018). According to Gilbert (2017, p. 5): 'the characteristics of a complex system, using the term in its technical sense, are that it consists of many units that interact and that as a result, the behaviour of the system as a whole is more than just the aggregation of the behaviours of the units'.

There have been several attempts to explore and apply complexity theory to evaluation settings, both as a methodological to evaluate and to study evaluation (Haynes 2008; Morrell 2010; Walton 2016; Gilbert 2017), and there is increasing awareness that the complex policy systems in which evaluation operates require such an approach (Walton 2016; CECAN 2018). As co-governance arrangements proliferate public organisations in the UK, New Zealand and farther afield, further consideration for the increasing complexities and approaches to manage these may be necessary (Duncan and Chapman 2012; Walton 2016).

3 Methodology

The study explored in this chapter provides a meso-level exploration of two types of communities (evaluators and policy implementers) participating in governance networks. Klijn (2008, p. 511) defines governance networks as 'public policy-making and implementation through a web of relationships between government, business and civil society actors'. Both policy implementers and evaluators were considered to be actors participating in decision-making in these governance networks. Prior studies have supported the notion of evaluation residing within governance networks (Walton 2016).

The study involved semi-structured interviews with 19 practising evaluators (9 female and 10 male) who undertake evaluation in various capacities (academics, evaluation consultants, internal evaluators undertaking programme evaluation). Interviews with 10 policy implementers were also conducted. Both groups represented a range of policy areas (e.g. health, education, foreign aid and enterprise support). The interviews were undertaken as part of a wider study and looked to understand respondents wider experiences of evaluation, challenges they felt limited evidence use, and how they used or perceived the use of evaluation evidence. Interviews were administered via telephone, face-to-face and Skype. A subset of this data, which related to the purpose and perceived use of evaluation is analysed here.

The researcher's own involvement with evaluation societies and networks in the UK and Europe supported access to evaluators. Further networking and involvement in project settings led the researcher to access policy implementers for this research. A semi-structured, informal interviewing approach, without a strict interview guide (Brinkmann 2013), was adopted. Interviews were transcribed contemporaneously in the most part, although in the case of some face-to-face exchanges these were undertaken retrospectively with the use of paraphrasing. Data was analysed using NVIVO.

The findings presented below are abridged, since the wider study focused on many more aspects of evaluation perceptions and practice.

4 Findings

4.1 Making the World Better?

Many evaluators emphasised that they hoped their work would be used to '*make a difference*' and there was a strong association with evaluation for improvement and learning. Evaluators closely associated their work with enhancing outcomes for beneficiaries: '*to improve the lives of beneficiaries*', '*to provide learning on what worked to make future activity better*', and '*to make a difference*'. Therefore, a strong moral purpose was evident amongst evaluators. In contrast, only two of the ten policy implementers referenced the potential for evaluation to be used for improvement ('*feed(ing) the evidence-base*' and '*showing us what works*'). There was clear disparity between how evaluators hoped their work would be used, and how policy implementers perceived the use of evaluation.

4.2 Evaluation for Governance

The majority of policy implementers perceived that evaluation should play a heavy governance and monitoring role, and they spoke of evaluation as instrumental in proving targets and assuring responsible spending, for instance: '*to capture how many beneficiaries there were and if we hit our targets*'; '*to report that the money was spent properly*'; '*so we can monitor what we do*'', and '*(evaluation)…allows us to draw down the next lot of funding*'. Evaluators also recognised this governance role and the pursuit of '*the usual monitoring 'stuff' (data)*' emerged in 11 of the 19 interviews (and more so amongst internal evaluators).

4.3 Product of Evaluation

There was recognition by both groups that evaluation reports were under-utilised: Evaluators spoke of evaluation reports '*gathering dust*', '*abandoned*' and '*lost*' in office drawers, and '*unread in an inbox somewhere*'. Policy implementers spoke less of 'evaluation reports', as a product of evaluation. Instead, the importance of monitoring data repeatedly emerged, as did evaluation as a mechanism to break through key stage-gates (to borrow from project management terminology). For instance, to ensure the continued release of funding ('*to draw down the next lot of funding*') and demonstrate targets had been met within particular reporting periods.

4.4 Evaluation as Symbolic

Evaluation was frequently spoken of as supporting programmes/policy interventions to be '*seen to*' deliver, achieve certain outcomes or act in particular ways. Similarly, several policy implementers spoke of evaluation as a 'tick-box' exercise that needed to be done (one evaluator also recognised that evaluation was perceived in this way). As such, a symbolic role for evaluation was also recognisable.

5 Discussion

There are several implications from the findings presented, particularly given the contradictory perceptions of the use of evaluation.

5.1 Divergence in Perceptions

An incongruence between the supply of evaluation (by evaluators) and demand for evaluation (by policy implementers) echoes concerns in the literature that evaluation and policy are evolving away from one another (Donaldson et al. 2009). Misaligned action and intention between evaluators and policy implementers may affect the position, legitimacy and overall effectiveness of the evaluation function.

The implications of such incongruence are outlined in both stakeholder identification and salience, and complexity literature. Stakeholder theories acknowledge that cooperation and collective action supports the salience of particular stakeholders (Ali 2017). Policy implementers and evaluators in this study appeared to differ on matters such as the use of evaluation reports, and the purpose of evaluation as a whole. From a complexity lens, a 'divergence in the values and assumptions' of stakeholders is typical of a complex policy system (Walton 2016, p. 76; Meek 2014). Walton (2016) suggests that network governance arrangements could be introduced to address conflicts in complex systems, although it seems somewhat ironic given the governance purpose that evaluation serves that additional governance is required to govern it (meta-governance).

The moral mission of evaluators, seen in the findings, prompts discussion about the motivation of evaluators to fulfil a moral or social mission and the implications of this. Evaluators overwhelmingly felt they served to, in the words of one respondent, '*make the world a better place*'. This finding associates evaluation with utility, and ultimately the end-users and the policy implications of evaluation evidence. This is despite much literature and acknowledgement in this study (by both policy implementers and evaluators) that evaluation is often under-utilised; this moral position could, therefore, be considered ideological. Further study to explore the motivations of evaluators could be valuable.

5.2 Implications for Governance

Evaluation for accountability and transparency emerged through many of the interviews and a clear governance role for evaluation was recognised by policy implementers. This supports evaluation discourse which suggests that evaluation has a role in assuring governance. Albeit, many of the responses referred to the basic monitoring function underpinning evaluation, as opposed to more elaborate or technical modes of evaluation. The evaluation community may be disappointed to note such findings, since such perceptions (by policy implementers) appear to oversimplify the knowledge and skills needed to undertake evaluation. Since the study was conducted across a range of sectors and with no fixed definition of 'evaluation' set to aid responses this finding should be taken cautiously and requires further exploration. The confirmation of an evaluation for governance role also supports the decision to consider the two communities under study here as participating in 'governance networks'.

It was interesting to note that equity or fairness despite being a component of governance (Crowther et al. 2017) did not feature in any of the 29 interviews.

5.3 Symbolic Versus Structural Use of Evidence

The metaphorical use of 'pillars' (of responsibility and governance) central to this book are particularly relevant to the discovery that evaluation appeared to be treated symbolically, almost aesthetically—a tick-box exercise. Within architecture, features such as pillars ('pilotis','columns') carry significance beyond their initial structural function, and may also carry aesthetic (Sparrow 2017) or symbolic relevance (Thacker 2000). The same appeared true in this study.

Reference was made to evaluation making programmes and policy interventions 'be seen' in a particular way (successful, meeting targets, etc.). There is resonance here to legitimacy theory, and in particular strategic legitimacy that recognises organisations exaggerating or even falsifying claims of compliance in order to be seen to act in accordance with societal norms. Much attention has been paid to strategic legitimacy in respect of social or environmental reporting for instance.

The symbolic use of evaluation sits in contrast with the functional and structural potential for evaluation evidence to be used to inform learning, policy development and policy decision-making. Such challenges in the pseudo/symbolic use of evidence for governance exposes potential vulnerabilities in the triadic relationship between sustainability, governance and responsibility at the heart of this book.

6 Conclusions

Despite evaluation existing for many years and evidence of its evolution, there is still a notable absence of boundaries, maturity or clear identity. The findings just explored demonstrate such issues with the identity, purpose and use of evaluation. The expansive nature of evaluation, and the immense expectations of stakeholders in the complex policy systems it resides may hamper its utilisation.

These study findings have implications for practitioner and scholarly communities. For evaluation practitioners, they prompt a rethink for how evaluators and the evaluation function respond to recognition that evaluation and policy systems are becoming increasingly complex. For a number of reasons (austerity, neo-liberalism) new public governance and notions of co-governance are further complicating the meso-level policy and governance communities. Put simply, more parties are becoming involved in policy concerns and could influence evaluation. Few tactics to overcome this have been suggested, but network theory and network governance arrangements may be worthy of further exploration (Walton 2016). The motivations of evaluators to fulfil a 'moral mission' emerged as an interesting finding worthy of further exploration. However, since there was a lack of recognition of this by policy implementers, a starting point for realising this motivation, may be greater communication of this aspiration to effect change. For the scholarly community, these findings are in many respects confirmatory, continuing to link legitimacy and evaluation, and complexity and evaluation.

Finally, the study has implications for the twin pillars of responsibility and governance at the heart of this book. It serves a reminder that governance, and the wider concerns for sustainability are based in complex systems where even those functions set to enhance affairs (such as evaluation) can in themselves become complex and confused.

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Part II
Insights for Industry

The Sustainability of Post-crisis Management on Flooding Prevention

Linne Marie Lauesen

Abstract The climate change has in the past decades given more extreme rain events, both in terms of intensity and duration, and recurring storm related sea-level rises happen these years almost annually according to different weather cycles around the World. The public policies and management of these events and the initiatives taken to prevent the damages from them have changed during these few decades mainly because of the recession following the financial crisis in 2007/2008. Before the financial crisis, municipalities and their water companies built large capacity basins in order to store stormwater masses in the sewer systems. After the crisis, on-ground rainwater management has become the new best management practice trying to prevent extreme water masses from the sewer system. The new use of the landscape; the green spaces as well as the city roads and parking lots for rainwater storage and transportation is claimed to be less costly than sewer/basin solutions. At the same time, costs for coastal security is rising, and small communities are lacking funds for building floodgates and -walls to protect the coastal cities from the sea-level rises. This turn in BMP is happening worldwide in countries and states struggling with extreme water events. Seemingly, it is all initiated from political pressure on minimizing public expenditure in general, and therefore also on infrastructure and security. This chapter reviews the international literature on flooding prevention and its relation to public policies and management and as an example shows the history of climate adaptation in Denmark. With cases from Denmark, the chapter shows that on-ground flooding prevention risk being even costlier than earlier, because the new ex-sewer solutions are not (necessarily) cheaper than traditional sewer systems especially in the highly paved cities, where the problem is most urgent. These findings supports the UNEP 2014 forecasts of tripling the costs for flooding prevention by 2050 compared to earlier estimates from 2010.

Keywords Flooding · Finance · Politics · Security · Stormwater management Sustainability

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1 Introduction: Sustainability and Climate Adaptation

1.1 Climate Change and Adaptation

The debate concerning the climate change seems to have divided the World population into believers or non-believers, especially regarding certain political persuasions flourishing these days. Despite these political debates, the trend of water catastrophes related to hydrological and meteorological events from 1900–2016 shows a clear picture of more frequent water extremes and catastrophes. Figure. 1 is an extraction from The International Disaster Database EM-DAT created by the Centre for Research on the Epidemiology of Disasters at the Université catholique de Louvain in Brussels, Belgium.

According to the extraction from the EM-DAT,[1] the rising occurrences of floods, landslides (excl. rockfalls) and storms, which peaked in 2005 with 341 catastrophes (including the Hurricane Katrina, New Orleans[2]), have affected up to 325 million people alone in 1998 (including the Yangtze River flood[3]), and have recently costed up to 200 Billion US$ in 2005 in total, pivoting around and in the first decade of the Millennium.

The very recent 2017 Hurricane Harvey in Texas indicates that these weather phenomena are recurring on a yearly basis, and although the trend in Fig. 1 shows a small decline in events, deaths and impacts, as well as costs during the last 10 years, UNEP, the Intergovernmental Panel on Climate Change (IPCC) and others foresee even worse situations than we have seen before (UNEP 2016; IPCC 2014) (Fig. 2).

> The SYR [The Synthesis Report] confirms that human influence on the climate system is clear and growing, with impacts observed across all continents and oceans. Many of the observed changes since the 1950s are unprecedented over decades to millennia. The IPCC is now 95 percent certain that humans are the main cause of the current global warming. (IPCC 2014, p. v)

As a consequence of these hydrological and meteorological occurrences, ongoing processes of climate adaptation are taking place Worldwide. Estimates are being continuously calculated by intergovernmental organizations as to which level they may expect the costs for climate adaptations to be.

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[1]The extraction from the database includes hydrological and meteorological events: all registered floods—coastal, flash, riverine and miscellaneous—landslides including avalanches, subsidence and miscellaneous, but not rockfalls—and convective, tropical, extra-tropical and miscellaneous storms—from 1900–2016.

[2]>1800 people were killed, around 5.8 million people were affected, more than 800,000 houses were flattened, and the economic losses over $160 billion US (2005) (Petterson et al. 2006). See also http://www.hurricanescience.org/history/studies/katrinacase/impacts/ accessed 5th Sept 2017.

[3]1320 people were killed, 223 million people were affected, about 4,970,000 houses were flattened, and the direct economic losses amounted to 166,600 million Yuans (£12,815 million) by the Yangtze river floods in 1998 (Zong and Chen 2001).

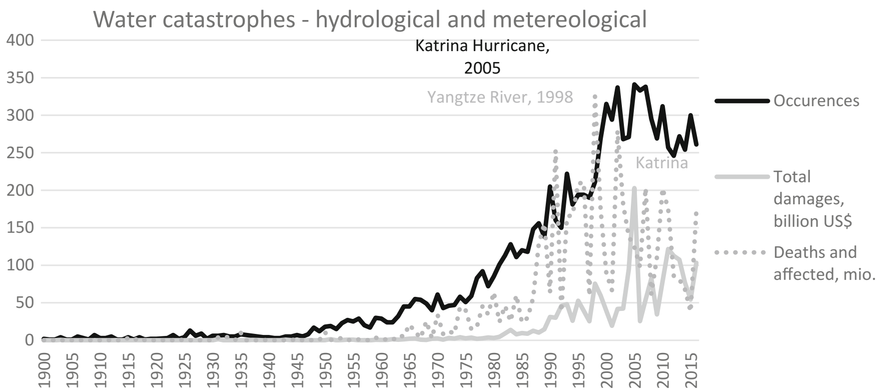

Fig. 1 Source: EM-DAT. The Emergency Events Database—Universite catholique de Louvain (UCL)—CRED, D. Guha-Sapir—www.emdat.be, Brussels, Belgium *Created on* September 05, 2017

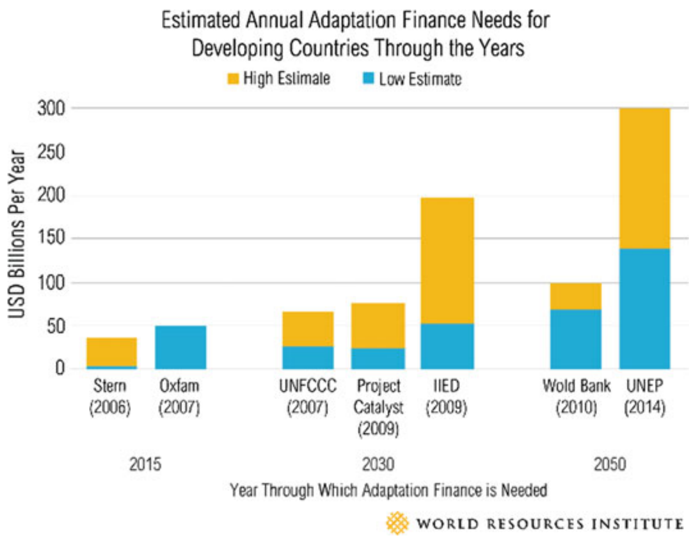

Fig. 2 Climate Adaptation Finance Need for the Developing Countries. *Source* The World Resource Institute. http://www.wri.org/blog/2015/04/costs-climate-adaptation-explained-4-infographics accessed 5th Sept 2017

For the developing countries, the UNEP estimated in 2014 the costs to go up to 300 billion USD in 2050, which is three times as high as the World Bank's estimate in 2010 of 100 billion USD. These estimates of costs for climate adaptation make the issue of climate adaptation one of the most important ones concerning the sustainability of the World.

1.2 The Connection Between Sustainability and Climate Adaptation

The literature of Sustainability as well as the literature of Climate Adaptation often take each other for granted, and thus both concepts were until recently rarely mentioned in each other's literatures.

For instance, the concept of Sustainability mentioned in the Brundtland Report (1987), *Our Common Future,* describes "Sustainability" in its very first paragraph as

> 1. Sustainable development is the kind of development that meets the needs of the present without compromising the ability of future generations to meet their own needs.[4]

Terms such as the "climate change" or "climate adaptation" were not mentioned in this UN-document, however, multiple times "water" is mentioned as a resource to care about as well as an impact to prepare people against.

Hence, the Intergovernmental Panel on Climate Change IPCC was created in 1988[5] set up by the World Meteorological Organization as a consequence of the above, and therefore it spoke specifically about the climate change, but did not take the word "sustainability" into its vocabulary although it mentions several things in line with the UN policies on sustainability. In 2007, the IPCC panel addressed this issue (Yohe et al. 2007, IPCC, AR4[6]):

> Definitions of sustainability vary across sectors, but their common theme is to change the way resources are exploited or hazards are managed so that adverse impacts downstream or for subsequent generations are reduced. Climate change is, however, seldom listed among the stressors that might influence sustainability.

Lately, The World Bank took a lead in connecting the two together conclusively in a 2014 blog by Rachel Kyte[7]:

> Climate change is the most significant challenge to achieving sustainable development, and it threatens to drag millions of people into grinding poverty.

Thus "Climate Adaptation"—although it in principle has taken place since the first drainage systems were established by farmers as well as since the first sewer was put into the ground in Rome during the Viking Era (Robinson 2003, p. 73)—has more or less always been considered done—in agriculture as well as in city design.

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[4] http://www.un-documents.net/ocf-02.htm#IV.

[5] https://www.ipcc.ch/organization/organization_history.shtml.

[6] See also https://www.ipcc.ch/publications_and_data/ar4/wg3/en/ch2s2-1-3.html.

[7] http://www.worldbank.org/en/news/speech/2014/01/15/climate-change-is-challenge-for-sustainable-development.

1.3 Traditional Stormwater Management

Stormwater management is an old,[8] but evolving field, especially because of the climate changes, which often means heavier rain, more draught, and more frequent sea-level rises as further complications. Stormwater events often result in flooding, erosion, destroyed low-lying buildings, poor traffic safety, and poor water quality.

Historically, rain- and stormwater management was, and still is, transported in sewer systems consisting of drains and pipe-systems with open or closed retention basins to store the water masses until the system is capable of further transportation to the wastewater plants or directly into local water recipients (EEA 2012, p. 42).

Depending on the quality of the rainwater, retention basins are designed as open, large ponds in natural, grassy areas for rainwater separated from sewerage, and in closed concrete constructions to manage combined sewer overflow (CSO).

According to more extreme weather, improvement of traditional sewer systems has become increasingly more expensive. Especially in smaller towns, the municipalities and water companies do not have the financial capability to ensure and secure the citizens completely against damages from flooding with CSO.

Balancing the tariffs on water and wastewater management in order to meet the citizens'/ consumer's expectations and willingness to pay for this service has with the exposure to more extreme weather events and in order to meet the citizens'/ consumer's expectations and willingness to pay for this service, the balancing the tariffs on water and wastewater management has become more difficult. Many towns have old combined sewer systems, which are extremely expensive to enlarge to store more rainwater. Considering that large basins often remains empty most time of the year, and are only filled in case of stormwater events, makes the balancing of high security and low cost tariff policies very difficult.

> In 1997, the US Environmental Protection Agency enforced the Clean Water Act (1972)[9] and mandated the water department to update their long-term control plan for combined sewer overflow. (Uittenbroek et al. 2016, p. 10)

In Philadelphia, the water department looked at enlarging the traditional sewer systems with larger pipes, basins and more pumping stations, and compared the costs for it with alternative costs for storing rainwater on ground, in the terrain, etc. The costs were estimated to being able to be lowered with 2 billion US dollars if the rainwater was to be separated from the sewer system and managed alternatively in "*detention ponds, permeable pavements, water crates, tree trenches, and green roofs*" (Uittenbroek et al. 2016, p. 10; Maimone 2013).

[8]In Denmark, the first closed sewer line was established in the city of Odense in 1866 (Vested 1999, p. 25, In Danish).

[9]https://www.epa.gov/sites/production/files/2017-08/documents/federal-water-pollution-control-act-508full.pdf.

1.4 New Methodologies for Stormwater Management

Several experiments in the US during the first decade of the Millennium were established to gather knowledge on the costs and the environmental effects of the green alternatives for urban stormwater management, amongst others in Philadelphia, Ohio, San Francisco, Georgia, Virginia, Oklahoma, Seattle and North Carolina (Levy 2008; Shuster et al. 2008, 2010; Thong 2011; Narayanan et al. 2012; Lucas and Sample 2014; Vogel et al. 2015; Page et al. 2012).

In Seattle, the term green stormwater infrastructure (GSI) was used to design systems, of the maximum extent feasible to

> be fully implemented, constrained by the opportunities and physical limitations of the site, practical considerations of engineering design, and reasonable consideration of financial costs and environmental impacts (Tackett 2008, cited from Fletcher et al. 2015, p. 532).

The United Nation's Framework Convention on Climate Changes in 2008 had the same issue on the agenda advocating for the green alternatives in order to reduce the publics' exposure to the negative effects of the climate changes. It encompassed restoring the mangrove forests to dissipate the energy from storm surges and buffering effects of floods and erosion on human communities; the protection of the groundwater aquifers and the floodplains from as well flooding and droughts; and enhancing the urban green infrastructure to reduce the heat island effects and reduce urban flooding disasters (Geneletti and Zardo 2016, p. 38).

The European Environment Agency started a project in 2011 to support urban climate adaptation strategies, and adopted the green infrastructure principles for mitigating the climate changes in 2012, where its first report was made[10]:

> *Adaptation also relates strongly to using and expanding green infrastructure such as parks, forests, wetlands, green walls and roofs, wherever feasible and sustainable (EEA 2012, p. 7).*

The three main principles in the EEA 2012 report was not a fully transformative approach away from "gray" (traditional sewer systems) to "green", but rather a balanced initiative combining both and adding "soft" approaches, such as

> "design and application of policies and procedures and employing, interalia, land-use controls, information dissemination and economic incentives to reduce vulnerability, encourage adaptive behaviour or avoid maladaptations. They require careful management of the underlying human systems". (EEA 2012, p. 16)

With regard to flooding, the EEA listed five different terms or causes for flooding: River floods (caused by heavy rain), flash floods (run-off melting or rain water from mountains), coastal floods (from sea-level rises), urban drainage floods (caused by heavy rain), and groundwater floods (from groundwater level rises).

One of the main cases in this first EEA report regarding flood disasters was the flooding of the Capital of Denmark, Copenhagen, July 2, 2011 (EEA 2012, p. 43).

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[10]https://www.eea.europa.eu/publications/urban-adaptation-2016 Accessed 8th June 2017.

> During a 2 h period over 150 mm rain fell in the city centre. This constituted the biggest single rainfall in Copenhagen since measurements began in the mid-1800s. The city's sewers were unable to handle all of the water and as a result many streets were flooded and sewers overflowed into houses, basements and onto streets thereby flooding the city […] Insurance damages alone were estimated at EUR 650–700 million. Damage to municipal infrastructure not covered by insurance, such as roads, amounted to EUR 65 million.

The flooding incident was not the first of its kind in Denmark. The cities of Odense (from 2002[11]), Kolding (from 2005[12]), Greve (2008[13]), and other low-lying cities had experienced similar events years before. However, the focus on climate adaptation plans as well as stormwater management plans and the gaze for alternative ways to ensure the cities was peaking in Denmark after the Copenhagen stormwater flooding—and continues to be the primary issue in the Danish water sector.

However, the EEA report from 2012 was only showing cases and guiding local governments in the same direction as the EPA in the US—urging them to begin planning for worse climate events. It did not recommend any Best Management Practices (BMP) yet.

The recent update came in 2016 (EEA 2016), and this report had gathered a little more information about the effect and efficiency of green infrastructure technologies and the policies, that local governments were working with all over Europe since the 2012 report

> Gaps in awareness, knowledge, political support, sectoral procedures and legislation still pose many barriers to municipalities that want to apply a broadly systemic approach and use unconventional measures to solve problems. (EEA 2016, p. 10)

Since the barriers had been identified and in many cases amended in the local nations, the EEA report focused on three other issues (EEA 2016, p. 7): coping, incremental and transformative action towards climate adaptation. The report had now included the state-of-the-art knowledge of instruments feasible for the climate adaptation with links to BMPs in different countries within the EU (EEA 2016, p. 69).

2 Methodology Used in This Chapter

This chapter is written based on a literature review of case studies with GSI pilot studies from the Millenium and till now concerning rain- and stormwater management. The literature review contains international case studies published in English-speaking journals as well as Danish case studies reported on the Internet in specific water-sectorial fora, which are not published in academic journals. Furthermore, it contains policy-making documents from the EPA in the US and the

[11] https://samvirke.dk/artikler/klimaforandringer-aegtepar-matte-flytte-efter-5-skybrud (In Danish).

[12] http://www.jv.dk/kolding/Skybrud-Store-dele-af-Kolding-under-vand/artikel/171915 (In Danish).

[13] https://ing.dk/artikel/greve-utopisk-gardere-sig-mod-ekstreme-skybrud-89726 (In Danish).

EEA in the European Union to illustrate the consensus of the new best stormwater management practices, and show the history of this evolvement. The academic literature is referred to in the text as journal references, and the non-academic literature is referred to in the notes.

The search for relevant case studies took place using Google Scholar as primary source (Haddaway et al. 2015) with the search for the different cue words (also mentioned on page xxx)

- *Water Sensitive Urban Design (WSUD)* and *Stormwater Quality Improvement Device (SQID)* regarding cases from Australia;
- *Low Impact Development (LID)* and *Low Impact Urban Design and Development (LIUDD)* regarding cases from the USA and New Zealand;
- *Sustainable Urban Drainage Systems (SUDS)* and *Sustainable Drainage Systems (SuDS)* regarding cases from the UK;
- *Best Management Practice (BMP)*, *Stormwater Control Measures (SCM)*, *Source Control (SC)* regarding cases from North America and Canada;
- *Alternative Techniques (AT)* regarding cases from France;
- *Lokal Afledning af Regnvand (LAR)* regarding cases from Denmark;
- *Lokalt omhändertagande av dagvatten (LOD)* regarding cases from Sweden; and
- *Alternativen zur Regenwasserableitung (AZR)* regarding cases from Germany (Fletcher et al. 2014, 2015)

These specific names, especially the ones used in the English-speaking countries, were typically also used in case studies from other countries in Asia, South, and Latin America, elsewhere in Europe, and in Africa although these case studies may have other names in their mother language (Fig. 3).

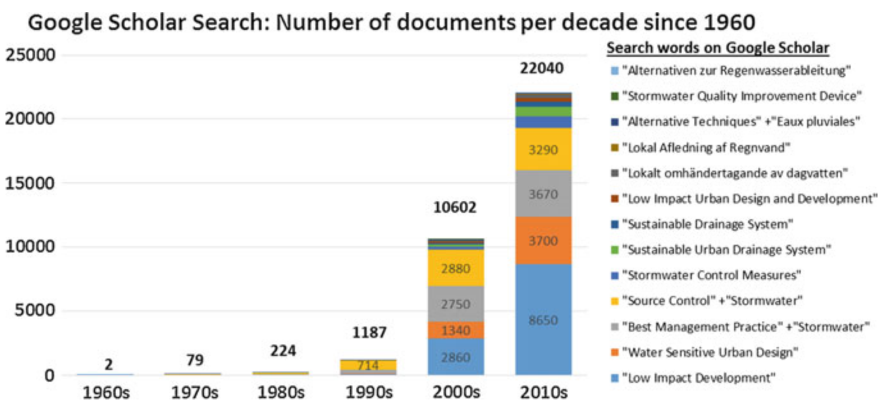

Fig. 3 Google Scholar Search 29th August 2017—without patents and quotes. Decades chosen as xxY0–xxY9

Specifically for the Danish case studies, the following water-sectorial fora on the Internet were used:

- http://www.klimatilpasning.dk/cases-overview—most cases are also referred in English (http://en.klimatilpasning.dk/)
- http://www.laridanmark.dk/lar-anlaeg-i-danmark/26509—most cases are also referred in English (http://wsud-denmark.com/wsud-systems-in-denmark/34590)

Thousands of international case studies were identified through Google Scholar search; however, only a minuscule excerpt of these is shown in this chapter considering the limited space of the chapter. The criteria for the ones mentioned here is based on its publication of sustainability measurements such as *total costs* (economy) and environmental impact regarding *hydraulic capacity* as well as *pollution reduction* to the water environment. The social impacts were also preferable to have measured, however, most case studies did neither have any qualitative nor quantitative measures that could be compared between cases, although most case studies had described the social impacts of GSI in words—all mainly positively.

Especially, the environmental part was reported in most case studies. However, many pollutants and impacts were measured differently or with different substances, which made comparison hard. Also biodiversity was mentioned in many of the case studies, however, again, a comparison was not possible because of the case studies used different measures or described the biodiversity in words rather than in concrete measurements.

3 Post-crisis Politics and Public Management

In order to understand why this change in BMP has taken place, we must understand why it was a problem to continue the tradition sewer system method to take care of rainwater management, and why this tendency has spread globally during the last few decades.

Historically, rainwater was managed by the local governments in the municipalities more or less everywhere. Rainwater management is recognized and "born" as a social, environmental and common interest in society and these institutions took care of both the delivering fresh water and management of sewerage and rainwater for the local citizens the best way possible according to the municipalities' and water companies' financial capabilities (Lauesen 2011, 2014, 2015).

However, with the rise of the neo-liberal ideas of New Public Management in the late 1980s initiated by the US and UK governments, it was assumed that private companies were to be more efficient in managing water, wastewater, and rainwater services for the public than the municipalities. The argument was that business management in general was much more effective in keeping price levels down on these as well as many other public services (Lauesen 2014, 2015).

During the 1990s many changes happened especially in the UK, Australia, and the USA regarding the privatization of the former public services such as the postal, oil/gas, transportation, electricity, and also the water services.

Other countries and states later adopted many of these principles, and below is shown the development in Denmark as one of the latest adopters of privatization of the water sector.

3.1 An Example of the Political Developments Regarding Water Services: Denmark

Denmark was a late adopter of the New Public Management ideas regarding water services, because the politicians wanted to gather information on how these managerial practices from the privatization worked out in the other areas such as postal, oil/gas, transportation and especially electricity services before they would enroll the water sector into these practices as well.

However, in 2003, the Danish Competition Authorities made a report comparing the experiences from the electricity sector and the UK experiences on water management with the Ofwat regulation principles, and suggested that the Danish Government should enroll the water sector into a model more or less similar to that of the Ofwat administration—with a few exceptions.

Thus, in 2007–2009 water management was segregated from the municipality offices and publicly owned water companies were established—albeit fully owned by the local governments, and thus not fully privatized, but quasi-privatized leaning towards the UK model (Lauesen 2011, 2014).

After the first 5 years, the New Public Management strategies for water management were to be evaluated in Denmark, and in a hearing with the branch organization DANVA, which speaks for the publicly owned Danish water companies, quite some changes were required in order to secure both the environmental and the social protection, since the financial regulation had already proven its effect.

The economic models and calculations used in the Benchmarking of the water companies, which were used in order to set the Price Cap for each of the companies, had an unequal and sometimes inadequate effect. Water companies had tried different strategies to ensure environmental protection in order to comply with the regulations with various results.

For instance, some water companies had for many years dedicated a certain amount of money for afforestation, however these funds were not accepted in the new regulation as investments. That gave these companies a great disadvantage in terms of their Price Cap level (Lauesen 2014). Similarly, water companies that wanted to cooperate with farmers and benefit those that would avoid field spraying near the groundwater extraction wells, would not get these investments approved by the Competition Authorities.

Furthermore, water company cooperatives regarding the protection of a large groundwater aquifer across municipality borders could not find ways in the regulation to split the costs in fair amounts. All in all these environmental protection activities were disregarded in the regulation—mainly because they did not fit into the economic model, the authorities had set up (Lauesen 2014).

The Competition Authorities then accepted the critique by setting up a new law called "Co-funding of Climate Adaptation Strategies" in 2013 allowing water companies to include these environmental initiatives in the Price Cap calculations, if they received a decree from the City Council regarding the issue.

The water companies must in the application for the Competition Authority show a calculation of the probability that an applied climate adaptation project is cost-effective compared to what it would cost the companies to achieve the same level of service with conventional sewage technology solutions (BEK no 89 of 30/01/2013, §2–6[14])

Climate adaptation projects, which use GSI techniques, thus shall be approved by the Competition Authorities, because they are not standard practices in Denmark yet, and many of these include green elements other than normally calculated in the economic models used for Price Cap setting. These alternatives must then prove cost efficiency compared to traditional sewer systems.

Hence, it seems more convenient for water companies to get standard practices approved such as sewer systems, concrete retention basins, pumping stations and similar constructions and machinery, which the regulating system knows of and can calculate according to costs, value, depreciation, etc.

However, things have become even more complicated in the municipalities of Denmark: citizens do no longer accept to pay more for public services neither do they accept their obligations to renew their own sewer systems on their private lots.

Whenever the municipality and the water company suggest to renew the sewer system going from a combined system with frequent unhygienic overflows to a separated sewer systems, where rainwater and sewerage is transported in a two-string system, the citizens do form alliances to combat the solution politically, because they do not want to pay for separating their own private sewers.

Local politicians seem to be afraid of imposing costs on their voters, which is why many municipalities and water companies in Denmark nowadays avoid traditional separate sewer systems. Instead, they have found interests in the new green

[14]https://www.retsinformation.dk/Forms/R0710.aspx?id=145200. The latest updated version of the Note is BEK nr 159 af 26/02/2016, https://www.retsinformation.dk/Forms/R0710.aspx?id=177793. Accessed 6th June 2017 (In Danish).

alternative practices, such as rain gardens and infiltration plants, which are much cheaper for the private citizens to install to manage the rain falling on roof tops and driveways.[15]

However, the question is: are these green alternatives useful for the municipalities and water companies, whose requirements for stormwater management are included in their public service obligations?

4 Flooding Prevention in an International Perspective

Urban stormwater management is a field within transition into new alternative practices away from the traditional sewer systems. Research has investigated several different ways of rainwater management in detached and decentralized systems as a way to fulfill the need for more capacity for rainwater storage (Fletcher et al. 2014).

Since the 1980's experiments, infiltration plants, rain gardens, green roofs, road beds, swales, wadis, bio-retention and wetland ponds, depressions or channels in the terrain, for instance in parks or other urban green areas, permeable pavements and retention tanks (e.g., rain barrels) have been installed worldwide in order to gain knowledge of how rainwater storage can be effectuated in the ground or on the terrain instead of in the constantly undersized sewer systems.

These alternative techniques are called different names around the World. Water Sensitive Urban Design (WSUD) in Australia; Low Impact Development (LID), Low Impact Urban Design and Development (LIUDD) in the USA and New Zealand; Stormwater Quality Improvement Device (SQID) also in Australia; Sustainable Urban Drainage Systems (SUDS) or Sustainable Drainage Systems (SuDS) in the UK; Best Management Practice, Stormwater Control Measures (SCM), Source Control (SC) in North America and Canada; Alternative Techniques (AT) in France; Lokal Afledning af Regnvand (LAR) in Denmark, Lokalt omhändertagande av dagvatten (LOD) in Sweden; Alternativen zur Regenwasserableitung (AZR) in Germany and similarly in other European countries (Fletcher et al. 2015).

Despite these different names, the concepts behind also vary from place to place. For instance

> WSUD is the integration of the natural water cycle with the urban environment. It encompasses water supply, sewerage and stormwater management. (Wong 2006; Gaffney 2013, pp. 1–2; Fletcher et al. 2015)

[15] https://www.bolius.dk/kommuner-kloakseparerer-paa-livet-loes-35101/?utm_campaign=week23&utm_source=S%C3%B8ndagsavisen&utm_medium=referral&utm_term=3tingduskalvideomkloakseparering. Accessed 6th June 2017 (In Danish).

And

> Low Impact Development (LID) was piloted in Maryland (Prince George's County 1999) as a way to mitigate the negative effects of increasing urbanization and impervious surfaces. The preservation of the pre-development hydrology of a site is the overall goal of LID. (Dietz 2007, pp. 351–352)

In this chapter, these concepts are referred to as the category of Green Stormwater Infrastructure (GSI), which nowadays are used to frame such techniques in conjunction with general urban stormwater management policies.

GSI is based on the issue that more and more terrain is covered in impervious materials caused by the urbanization (Jia et al. 2013; Fletcher et al. 2015). Thus it also involves general and more careful urban design (Jia et al. 2013, p. 714), which more and more municipalities and water companies are interested in changing in order to create more sustainable cities all over the world (Fletcher et al. 2015).

Below is shown an excerpt of some of the published results from GSI demonstration projects regarding efficiency and effect

GSI demonstration projects have typically collected different data, which means that it is often hard to compare one case with another (Jia et al. 2013). The excerpt is thus from projects, which are published in English-speaking journals, and which comes closest to a comparison between two different variables: Hydraulic reduction and content/pollutant reduction.

All case studies included in Fig. 4 encompasses different GSI practices and installations in different catchment areas from 0,015–425 hectares. The installations range from rain barrels, rain gardens, bio-retention ponds, swales, infiltration plants, and green roofs. Some of the projects show a relatively high hydraulic reduction (>50%) of the annual rain volume (e.g., Shuster et al. 2008, 2010; Wu et al. 2014; Narayanan et al. 2012; Stovin et al. 2013; Fryd et al. 2012) whereas others have a low hydraulic reduction (<50%) (e.g. Thong 2011; Jia et al. 2014; Chaosakul et al. 2013). Some cases have not measured reduction of content/pollutants (e.g., Levy 2009; Pathirana et al. 2013; Jia et al. 2012; Gaffney 2013), whereas others have.

It is not the purpose of this chapter to dig more into the different studies of GSI or make any claims of statistical relevance out of the sample other than with this simple comparison to highlight the need for more standardized and comparable measurements in order to gain further knowledge of these technologies for decision makers to decide the Best Management Practices based on as much knowledge and comparativeness as possible.

The GSI technologies that have been introduced as sustainable tools to manage rain locally where it falls instead of accumulating it in the sewer systems are in many cities designed too small for stormwater management. Some GSI technologies have positive side effects, for instance contributing to urban greening, improving local biodiversity, and improving social communities in local areas, where they are managed locally by the residents (Fryd et al. 2012).

Despite differences in GSI practices and the general lack of quantitative estimates of the climate adaption potential (Geneletti and Zardo 2016), research mainly agrees on that all technologies do reduce the impact of stormwater events to some

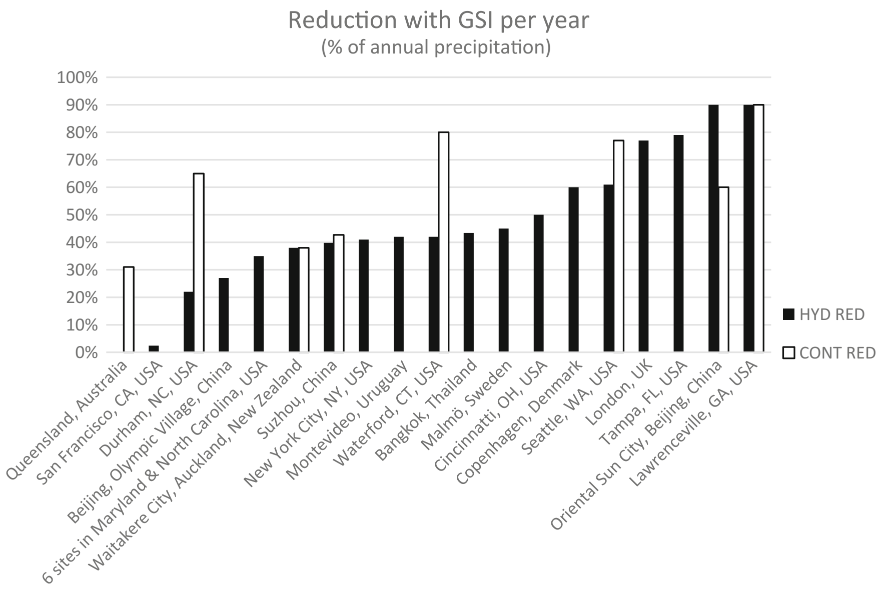

Fig. 4 Excerpt from demonstration projects of GSI technologies regarding measurements of hydraulic reduction (HYD RED) and reduction of content/pollutants (CONT RED) such as nitrogen, phosphor, suspended substances etc.)

degree, although they are rarely designed to handle more than peak flows (Gaffney 2013, np., abstract; see also Chaosakul et al. 2013). They are mainly designed for the management of daily rain events.

5 Flooding Prevention in Denmark

The Danish Environmental Ministry had in 1991–1992 released a few reports with special subjects related to local rainwater management: *Lokal afledning af regnvand* (Local rainwater drainage); *Faskiner* (Infiltration plants); *Lokal rensning af regnvand* (Local rainwater treatment); *Natur I byen* (Urban nature).[16]

These reports were a few years later, these reports were integrated into the Danish concept of *Lokal Afledning af Regnvand (LAR)*, which today is translated into the internationally recognized concept of Low Impact Development (LID) with regard to rainwater management. It was formally introduced in 1994 by the Danish Ministry Housing as an official publication called *Brug regnvandet i Gården* ("Use the rainwater in the back yard"). With its special focus on rainwater management, it

[16]The Danish Environmental Ministry, reports no. 36, 47, 49 (In Danish). See the complete literature list in *Lützen and Søllested* (1994, pp. 63–64).

was aimed at engineers, architects and public officers working with public building and housing renewal (Lützen and Søllested 1994).

The publication came in conjunction with a then updated Urban Renewal Law, which re-initiated a large national co-funding of urban regeneration in Denmark. Not only did a large stock of public and private housing facilities require renovation; the new initiatives were also aimed at renovating the inner or back yards of the housing facilities with added elements of urban greening and rainwater management to the overall agenda of the law and funding requirements.[17]

The publication refers In its introduction, the publication refers to other European countries' experiences with LID preceding the Danish initiative. The publication concludes speculatively

> Many years ago, methods for local infiltration [of rainwater] have been developed in order to avoid unnecessary environmental impact and costly sewer renovations. Especially Switzerland, Germany and Sweden have many years of experience with LID. The Danish reluctance may be explained by highly developed experience with wastewater transport and treatment, but also that we do not need infiltration in order to support our groundwater aquifers. (Lützen and Søllested 1994, p. 8)

The Danish water companies, who are responsible for executing the municipal plans for climate adaptation, are increasingly facing political expectations of them basing their strategies and decisions on holistic solutions, which besides economics include environmental as well as social consequences of their activities (Lauesen 2014).

However, new issues have risen concerning its long-term effects on existing water bodies such as groundwater basins and natural surface water bodies. If authorities allow private and public GSI technologies to infiltrate rain water into the natural water bodies, it may affects the water balance of different water bodies inappropriately as seen in Odense, Denmark (Jeppesen and Jacobsen 2014).

In the city of Odense in Denmark, for instance, the groundwater level is very high in critical urban spaces, and although the municipality and the water company has introduced GSI in a pilot project, the issue is that infiltration is either impossible or at least inappropriate in the city.

A report from 2016 made by the Danish National Geological Surveys for Denmark and Greenland (GEUS) specifically warned the municipality of Odense about the effects on the climate changes with regard to the already high groundwater level in Odense.

Some of the positive–negative effects on the high level of groundwater combined with an old, leaking sewer system is that the sewer system somehow regulates the groundwater level through its unintended permeability (leakages). However, if the existing sewer network is to be sealed, it is then predicted that the groundwater level will rise up to the surface-level of the terrain, which will have negative consequences on buildings and infrastructure (Sonnenborg and Kidmose 2016, p. 40).

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[17] http://denstoredanske.dk/Mad_og_bolig/Bolig/Boligforhold/byfornyelse, (In Danish), accessed 30th May 2017.

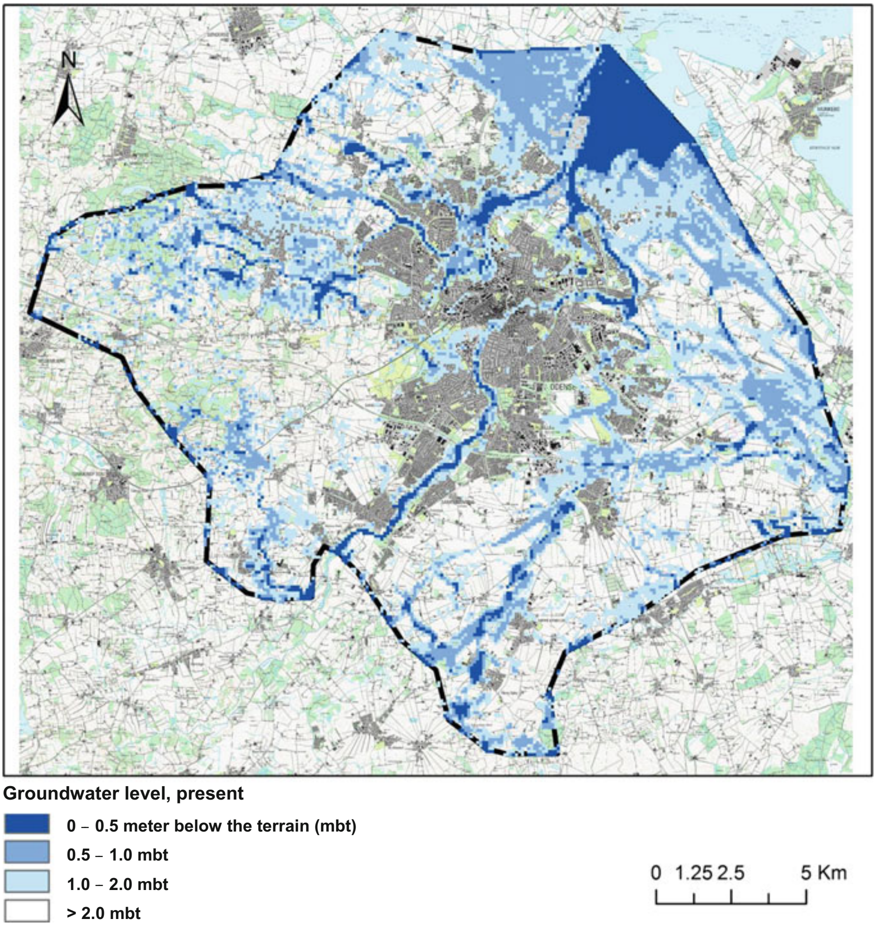

Fig. 5 Groundwater level, present in Odense. Sonnenborg and Kidmose (2016), p. 22

Furthermore, GSI techniques involving infiltration will not be possible most places in Odense, or if installed, it may enhance the risk of rising groundwater level even further, according to public geologists Gert Laursen (Municipality of Odense) and Johan Linderberg (Vandcenter Syd) (Fig. 5).[18]

Another issue is that we do not have enough experience on how the private management of local GSI works in conjunction with public management of rain-water. A third issue is how to get good results on a broader scale with GSI when private owners are involved in formerly public management.

The complexity of this appears in the mandatory and municipality-led climate adaption plans. It is shown, for instance, in the Stormwater Management Plan of the

[18]Presentation at the South Denmark Network Meeting, 30th April 2017.

Municipality of Copenhagen from 2012, in which an essential issue is the cooperation between the water utility and the traffic department of the municipality regarding pathways for stormwater transportation via roads in connection with the risks induced on the general traffic (Københavns Kommune 2011, p. 8).

> Thus, the Stormwater Management Plan points to a solution, where Copenhagen shall be safe in case of stormwater events through the combination of solutions that makes the city more green and blue by draining the rainwater on the terrain as well as through tunnels in areas, where no surface solutions are available.

6 On-Ground Flooding Prevention as the New Best Practice

Several cities around the World has now embraced GSI as a tool for flooding prevention and general climate adaptation purposes (for an overview, see Uittenbroek et al. 2016).

Public strategies on flooding prevention from either stormwater events or sea-level rises have changed during the last decade. Today, the Best Management Practices (BMP) is to control rainwater on-ground instead of in the sewer systems, which these days tend to become too small over a short timespan to handle more and more extreme water masses and urban run-off.

Filters, swales, infiltration trenches, wetlands, rainwater ponds and even high-profiled roads designed to transport extreme water masses are among those new installations that during the last decade have and are being installed and tested in the cities of many countries (Wong 2006, Shuster et al. 2008; Levy 2009; Maimone 2013; Shuster et al. 2010; Thong 2011; Fryd et al. 2012; Jia et al. 2012; Narayanan et al. 2012; Chaosakul et al. 2013; Gaffney 2013; Pathirana et al. 2013; Stovin et al. 2013; Jia et al. 2014; Demuzere et al. 2014; Wu et al. 2014; Uittenbroek et al. 2016).

Not only are these GSIs designed against the risk of flooding; the risk of polluting the environment is also a concern.

However, several newer studies of GSI projects have shown that this is *not* cheaper than traditional sewer management for the water companies (see Moore et al. 2016) according to climate adaptation strategies.

For the local landowners, who may have requirements for a reduced installation on their properties, it seems to be a good solution, however.

Different costs for rainwater retention in public areas with GSI calculated in Denmark are

Sewer solution	Ex-sewer solution	Costs/ m3 storage capacity
	Road beds with trees or plants (Frederiksberg)	22,000–24,000 DKK = **2,750–3,000 GBP**
Ø2500 mm pipe basin tunneled (Hvidovre[a])		20,000 DKK = **2,500 GBP**
	Permeable road with bricks/asphalt (Frederiksberg,[b] Odense,[c] Østerbro,[d] Aalborg[e])	6,500–14,000 DKK = **800–1,750 GBP**
ø2500 mm pipe basin (Odense + Svendborg)		10,000–12,000 DKK = **1,250–1,500 GBP**
	School yard—depreciated playfield, etc. (Frederiksberg[f])	9,500 DKK = **1,200 GBP**
Closed square CSO basins (300–20,000 m3)		2,000–7,000 DKK = **250–875 GBP**
ø1600 mm pipe basins (Svendborg)		5,000 DKK = **625 GBP**
	Infiltration wells (HydroSystems)	5,000 DKK = **625 GBP**
	Infiltration plants (HydroSystems)	3,500 DKK = **450 GBP**
	Rain gardens (HydroSystems)	3,000 DKK = **375 GBP**
	Permeable parking lot[g] with infiltration plants (Odense)	2,800 DKK = **350 GBP**
	Wadis and swales (Hydrosystems)	1,500 DKK = **200 GBP**
	T100 Stormwater-profiled road w/outlet to sea (Svendborg)[h]	1,100 DKK = **140 GBP**
	Rainwater lakes in green areas (Svendborg + Viborg[i] + Vallensbæk[j])	400–800 DKK = **50–100 GBP**

[a]http://www.licitationen.dk/article/view/293724/forsyningsselskab_foran_anlaeg_af_skybrudstunneler_for_milliarder_i_hovedstaden# and https://www.arkil.dk/cases/2-infrastruktur/et-underjordisk-regnvandsbassin
[b]http://www.klimatilpasning.dk/cases-overview/ny,-sugende-vejbelaegning-paa-frederiksberg-i-stedet-for-dyre-kloakroer.aspx and http://www.klimatilpasning.dk/aktuelt/nyheder/2014/september-2014/permeabel-klimabelaegning-afvaerger-oversvoemmelse-paa-frederiksberg.aspx
[c]http://www.laridanmark.dk/agerlandvej-odense/om-ideen/35676,2 and http://www.evanet.dk/wp-content/uploads/2017/06/2015_01_EVA_blad.pdf
[d]http://www.klimatilpasning.dk/cases-overview/groen-skybrudsloesning-skaber-nyt,-flot-byrum-paa-oesterbro.aspx estimated 40 cm permable drain with 30% water volume, 4,300 m2, 516 m3 volume

[e]http://www.klimatilpasning.dk/cases-overview/innovativ-asfaltvej-i-aalborg-opsuger-regnvandet.aspx
[f]http://www.klimatilpasning.dk/cases-overview/lavtliggende-skole-paa-frederiksberg-beskyttes-mod-nye-skybrud.aspx150 m3 boldbaner + 135 m3 faskiner http://info.frederiksberg.dk/Dagsordner/Dagsordner/Kommunalbestyrelsen/20-04-2015/Attachments/2605333-2794901-1.pdf
[g]http://www.klimatilpasning.dk/cases-overview/stor-parkeringsplads-i-odense-suger-regnvand.aspx
[h]6.825.000 DKK/ 6.045 m3 (T100)
[i]http://www.klimatilpasning.dk/cases-overview/kreativ-klimasikring-skaber-spaendende-bypark-i-viborg.aspx
[j]http://www.klimatilpasning.dk/cases-overview/nye-regnvandssoeer-i-hoeje-taastrup-renser-og-rummer-mere-regnvand.aspx

From the above list of costs of different traditional "grey" sewer solutions versus new "green" ex-sewer solutions, we can see that the greener the areas and the larger the basins, the cheaper the solution.

As long as there is hard surfaces, for instance in road areas, ex-sewer solutions often costs more than traditional sewer solutions.

Permeable roads; road beds either with trees or low plants, or making infiltration plants below school yards is more expensive than traditional CSO basins.

However, if a green area is available for making rainwater lakes or wetlands, wadis, swales, open grassy basins, etc., the green ex-sewer solutions are very much cheaper.

The most expensive solutions are excavating/tunneling pipe basins in inner cities such as in the Capital of Copenhagen. The "Damhusledningen", for instance, in the suburb Hvidovre, which consists of 3 km of large ø1.5–ø2.5 m concrete pipes, costs around 20,000 DKK per m3 water volume. It needs to be made primarily by tunneling and has pumping stations, regulation plants and masses of urban pipe restructuring, which makes it difficult and costly to establish in the populated, and heavily trafficked city.

However, ex-sewer solutions such as building road beds with trees or plants in Frederiksberg—also a part of greater Copenhagen, costs the same.

7 Discussion: The Sustainability of the New "Best Management Practice" for Flooding Prevention

The question is—how much urban green space do we have in our cities available for stormwater storage?

Inner Copenhagen has around 2,000 ha urban green space including lakes and streams corresponding to almost 25% of the city's geometry, which is rather a large amount for a city of its size.

The second largest city in Denmark, Aarhus, has less—around 20%, the third largest city, Odense has a little more (31%), and the fourth largest city Aalborg has approximately the same (23%) as Copenhagen.[19]

Smaller rural towns such as Svendborg, Herning, and Holbæk does not have much more urban green space than the four largest cities in Denmark—from 25–28%.

Few towns have larger amounts of urban green space (e.g., Gentofte (46%), Rødovre (42%) and Herlev (39%)), whereas many smaller villages have even less urban green space (e.g., Tønder (4%), Læsø (3,5%) and Fanø (3,4%)), but these small villages are so close to rural areas that it is easier for them to direct urban stormwater management into the green rural spaces.[20]

Rural areas outside the cities are where it is most possible to establish large rainwater basins are the most efficient ex-sewer solutions.

However, since many towns—at least in Denmark—have around 25% urban green space, the opposite—around 75%—is most likely what is "paved" with bricks, asphalt, concrete and roof tops, from which most stormwater volume masses derive from in typical Danish towns.

Thus, taking the costs for establishing non-green, ex-sewer systems in urban paved areas are rather expensive and oftentimes more expensive than traditional sewer solutions unless tunneling is the only option.

Some cities may have the luck, as in Svendborg, to have roads with a long and continuous fall towards the coast, which is feasible to use to transport up to a 100-year stormwater event without disturbing the neighbors' lots. There, there has been built an ex-sewer solution in terms of a stormwater road that steers the rainwater from the top of the road in the right direction down to the coast for just around 1,100 DKK per cubicmeter—the second-cheapest solution next after a rural rainwater basin.

However—Frederiksberg and Odense—do not have neither road fall nor a coast line surrounding the city: in their case, the stormwater road costs ten times as much to build per cubicmeter of rainwater.

8 Conclusion

The Danish cases show the financial costs of the new ex-sewer solutions as contemporary "Best Management Practice" within urban stormwater management. It appears from this study that on-ground flooding prevention may be a good and sustainable solution, however, the costs cannot be said to be lower than the traditional sewer solutions especially in the highly paved cities.

[19] http://ign.ku.dk/formidling/publikationer/andre-publikationer/2014-filer/Rapport-groen-by-13-5-F.pdf (In Danish).

[20] https://issuu.com/danmarksnaturfredningsforening/docs/sll_talomnaturen_2016_web (In Danish).

GSI is only efficient if many more citizens in the country supports and enacts the new politics on changing the rainwater management practices. Most garden owners must take part in delaying, steering, and directing the rain to its natural water bodies in conjunction with the systems built in the paved parts of the cities, because the urban green spaces mainly consist of private lawns and remote water storage areas.

As long as it is voluntary for most Danish citizens to partake in this scenario—mainly 10–20% shown in pilot areas in several towns, there is a long way to go before stormwater management becomes sustainable financially, socially as well as environmentally at the same time.

Future research should therefore continue to follow and publish results from the many pilot projects going on Worldwide, both regarding the environmental, social and financial parts of them.

What is clearly missing at the moment is the financial comparison between "gray" sewer solutions and "green" ex-sewer solutions, where entire costs for projects—all included—is vital in order for the global audience to understand the fully picture of the sustainability of the Green Stormwater Infrastructure versus the Gray Stormwater Infrastructure.

The overall idea that Green solutions are cheaper than Gray has in this Danish study proven questionable. A clearer picture on environmental, social as well as financial effects of GSI would therefore be preferred in order for the urban stormwater managers to be able to make the right decisions.

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The Importance of Corporate Social Responsibility in the Development of Sustainable Tourism

Ermelinda Oliveira

Abstract For the potential grown of the economy of one country, the tourism has been the leading player because it is one of most important activities of Portuguese economy, being assumed as economic development weapon for its region. Although, in agreement with the territorial paradigm, the fact of an area to be endowed with resources it is not synonymous of growth and development. On the one hand, it remembered the identity of different areas; the resources of a region only become development factors when in that same region there is protagonist capacity that allows them to be operational. On the other hand, a single development strategy do not exists, but several development strategies in accordance with the space contexts, where all the local participants should assume an active role and the local resources should be valued integrating the several aspects of the development. Among the different local stakeholders, entrepreneurs, and residents become important stakeholders in tourism activity, influencing the development process of different tourist destinations. Thus, given the strategic importance of tourism in sustainable regional development and the crucial role that residents play in their development process, the present research presents the main perceptions of residents regarding the role of entrepreneurs in the practice of socially responsible acts of development sustainable tourism.

Keywords *Tourism* · Residents · Development · Corporate social responsibility
Sustainability · Impacts

1 Introduction

The local community is an important agent that can influence the success or failure of tourism development, showing, direct and indirect, effects on the sustainable development of countries and regions (Haley et al. 2005). Through its opinions,

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comments and suggestions, the population is transformed into a local agent with an active voice, obtaining, therefore, an instrument that can serve as a basis for tourism planning in the territory under study.

From the theoretical point of view, the analysis of residents' perceptions and attitudes towards tourism, regional, and national authorities, public and private, with responsibility in the area of tourism, may draw lessons to be taken into account in the implementation of measures that maximize benefits and minimize development losses Tourism. Several researchers, such as: Byrd et al. (2009), Hunter (1997), Nicholas et al. (2009), Richards and Hall (2000) recognize that the role of residents is vital to achieving the sustainable development of tourism and territories. However, if this goal is to be achieved, it is necessary to analyze and understand its perceptions and attitudes towards tourism and to carry out comprehensive planning that can lead to the sustainable development of both tourism and territories.

From the theoretical point of view, the empirical study, through the validation of a proposed model, the relations between the perceptions and the attitudes of the residents of *Beiras and Serra da Estrela* are analyzed, in view of the development of tourism, thus bringing the resident population to the center of the current discussion on the development of tourism and its effect on sustainable regional development. Indeed, the development of the tourist activity evidenced the importance of the analysis and the understanding of the residents' perceptions and attitudes (Jackson 2008; Scalabrini et al. 2014). The focus of this empirical analysis was local centred having a low number of participants of the Beiras and Serra da Estrela. Therefore, it was not possible to generalize our findings. Moreover, future research should increase the number of participants to increase the power of explanation and would help to confirm the results in this paper.

2 Tourism as a Weapon to the Local Development

In a context of globalization and restructuring of the global economy, tourism has shown great resilience and capacity for economic expansion. Its structure and connection with other activities such as transport, construction, trade, among others, make this sector responsible for a multiple set of impacts on the economy, the environment and society as a whole. Tourism is a complex economic activity that affects the lives of millions of people around the world (SaeR 2005), which leads many countries to develop tourism-related development strategies because they believe it can make an important contribution to The resolution of economic and social problems faced by countries and regions (Oliveira and Manso 2011). According to Artesi (2007), due to its intrinsic characteristics, tourism is an adequate economic activity to foster development processes.

In Portugal, as in many other countries, because of its growth potential and its intrinsic characteristics, tourism is a powerful instrument to support growth and economic development. The National Strategic Tourism Plan (PENT) stresses that the "importance of tourism in the economy must be increasing, constituting one of the engines of social, economic and environmental development at regional and national level" (GP 2012: 7). Faced with a globalized world and in a scenario of economic and financial crisis, the XIX Government Program emphasizes the importance of tourism (GP 2011: 51), which states that

> Tourism's strategy is based on the differentiation and authenticity of the service and the product, with presence in a combination of markets that reduce the current weaknesses of concentration in markets and products, through the incorporation of elements of innovation, efficiency in the management of Financial resources and regulation of activity, with a view to strengthening the competitiveness and critical mass of economic agents on the international scene

The concept of sustainable tourism has been similar to that of the very concept of sustainable development, which has led to its widespread acceptance (Saarinen 2006; Hardy and Beeton 2001; Hunter and Green 1995; Bramwell and Lane 1993; Inskeep 1991). For a long time, no negative impacts were pointed out to tourism. Currently they are quantified in positives and negatives, being even distributed by economic, social, environmental and cultural level. Given the existence of these impacts resulting from development, it was essential to transpose the concept of sustainable development for tourism (Oliveira and Manso 2010). According to Clarke (1997), the concept of "sustainable tourism" was born in the 1980s as an opposition to mass tourism. Giving to Goodall and Stabler (1997), since the late 1980s, sustainable tourism has become a desirable goal in all types of existing passenger cars, irrespective of the scale of tourism activity. Table 1 lists the causes of the sustainable tourism as an adaptation of Heras (2004: 34).

In the literature review, there are several definitions of sustainable tourism (Swarbrooke 2002; Clarke 1997; Butler 1999; Garrod and Fyall 2001). Although it is a topic that involves a strong debate, both in terms of its conceptualization and its operationalization, there is still no consensus definition (Moniz 2006; Cernat and Gourdon 2005; Hunter and Green 1995). For Swarbrooke (2002), sustainable tourism is one that seeks to minimize negative environmental and sociocultural impacts and, at the same time, promotes economic benefits for local communities. According to Partidário (1998), sustainable tourism is a concept that seeks to

Table 1 Causes of the sustainable tourism

• There is an increasing awareness of existing environmental problems;
• In the face of conventional tourism that seeks maximum profitability in the smallest space and time possible, tourists began to realize their impact on the environment;
• Visitors demand more and more quality in the places they visit. The very competitiveness of tourist destinations makes opting for higher quality enclaves;
• Environmental groups are beginning to worry about the impact of tourism on the environment, putting pressure on public opinion.

Source Adapted from Heras (2004: 34)

reconcile the economic objectives of tourism development with the maintenance of the resource base indispensable to its existence. For Butler (1999), sustainable tourism is one that is developed and maintained in an area, in such a way and at such a scale, that it guarantees its viability for an indefinite period of time without degrading or altering the environment (human and physical) In which it exists and, lastly, without jeopardizing the development of other activities.

For OMT (1993) sustainable development of tourism only happens when three crucial aspects are addressed: (i) the promotion of a quality experience for the visitor; (ii) the maintenance of the quality of the environment for the community and visitors; (iii) improving the quality of life of the community of tourist destinations. The World Tourism Code of Ethics, created by the OMT, in addition to designating principles that reinforce the need to develop tourism in a sustainable way, also establishes that it is the duty of all stakeholders involved in tourism development to safeguard the environment and natural resources In the perspective of sound, continuous and sustainable economic growth, capable of equitably satisfying the needs and aspirations of present and future generations (OMT 1993).

As SaeR (2005: 96) points out, "it is inevitable that in the years to come tourism will be one of the structuring sectors of Portugal's economic development model" and that the development strategy must adapt to the continuous changes in tourism. However, it is imperative that tourism develops in a sustainable way, being necessary that the entrepreneurs act in the tourist destiny according to the principles of social responsibility.

3 The Tourism Sector and Socially Responsible Practices

The need to implement sustainable, efficient, effective, and conducive development models in companies for a balanced evolution of our society has been focusing the attention of researchers on Corporate Social Responsibility (CSR). Corporate Social Responsibility is currently an instrument to promote the sustainable development of companies, in particular, and of society in general. Since CSR is a complex and dynamic concept, there has been growing concern on the part of companies to understand it and to understand its different dimensions.

Over the last few years, both between researchers and entrepreneurs, there has been growing interest in corporate social responsibility (CSR). This is not without prejudice to the publication in 2001 by the Commission of the European Communities of the Green Paper: Promoting a European framework for Corporate Social Responsibility. Despite the increasing dissemination of CSR, both through the numerous meetings organized on this subject and through the publication of articles by the academic community, it is concluded that there is still a lack of definition regarding its concept, its fundamental characteristics and its operability.

Being a complex and dynamic concept, Corporate Social Responsibility, when assuming different meanings in different contexts, requires a deep reflection (Silva 2004). According to the European Commission, CSR (CCE 2001: 7) is

> Companies in their operations and in their interaction with other stakeholders.

Thus, in a European view, CSR corresponds to a set of voluntary actions by parts of the companies, where their function overflows the production of goods and the provision of services. For a company to be socially responsible, it should not be restricted:

> Compliance with all legal obligations - means going further through greater investment in human capital, the environment and relations with other stakeholders and local communities (CCE 2001: 7).

According to Bueno (2006: 2), "social responsibility is the planned and systematic exercise of actions, strategies and their implementation of channels of relationship between an organization, its employees", its stakeholders and its own society in order to

(a) contribute to social development, respect for the human being, regardless of their beliefs, appreciation of cultural diversity and unrestricted defense of freedom of thought and expression;
(b) provide ideal working conditions for its employees, in addition to fair remuneration, professional training, personal fulfillment and encouragement of dialogue and participation in the decision-making process;
(c) to assume transparency and ethics as fundamental attributes, taking collective interest as the major reference in the conduct of business;
(d) to preserve the environment, privileging the management of resources and the supply of non-aggressive products to nature;
(e) to practice excellence in the manufacture of products and the rendering of services, in view of the interests, expectations of its consumers or users;
(f) implement projects aimed at scientific and cultural, sporting, educational and community development.

In this sense, a socially responsible company is not restricted to fulfilling legal obligations, in that it implies going beyond them. A new way of thinking and acting is required for companies, where it is no longer enough to consider exclusively the strictly commercial, financial and organizational variables, but rather to define strategies that are based on

> Three pillars: environmental, economic and social. These three areas will have to act interactively, and the company's sustainable economic development will occur in the interception of the interests of each of the pillars (Beja 2003: 7).

CSR is forcing companies to rethink their role in society, future generations, and how they have to conduct their business. Thus, changes in mentalities and attitudes have led to the practice of socially responsible actions by companies from being an optional management, to become a strategic issue. Companies should not view social responsibility as a burden but as a medium- and long-term investment, and the more quickly they take this position, the greater the benefits they will get. Companies in the tourism sector, especially the dynamic and expanding ones, are no exception to this rule. Porter (1994) even considered this sector among the priorities to help carry out the sustainable development of Portugal. If, on the one hand, tourism issues are generally analyzed in economic and market terms, to the detriment of social and environmental aspects, on the other hand, it is indisputable the need for companies in this sector to carry out socially responsible and Strategies for the implementation of Corporate Social Responsibility.

4 The Importance of Residents' Views

The success of tourism depends on the support of the local community, as it produces impacts (positive and negative) that affect it, directly or indirectly. Residents are therefore one of the most affected by the implementation of policies and the implementation of measures aimed at the development of tourism. Their participation in tourism development processes has played a crucial role, since their perceptions and attitudes are a real guide for the development of tourist destinations, guaranteeing the sustainability and success of tourism in the territories (Andriotis 2005). Thus, the study of residents' perceptions and attitudes toward tourism has become increasingly important in the literature (Archer and Cooper 2002; Cañizares et al. 2014; Cui and Ryan 2011; Geneletti and Dawa 2009; Inbakaran and Jackson 2006; Nunkoo and Ramkissoon 2011; Remoaldo et al. 2012; Richie and Inkari 2006; Vargas-Sànchez et al. 2011; Lee 2013; Zhou and Liu 2008). So understanding the perceptions and attitudes of these residents is indispensable to tourism planning and the sustainable management of any tourist destination.

The identification of the impacts of tourism perceived by residents has been the central object of studies carried out by sociologists, psychologists, managers and economists, being an issue addressed in different approaches. In the literature review it is verified that there is consistency in the type of impacts that must be considered: impacts perceived in the economic, environmental, cultural, and social domain. In terms of economic impacts, studies indicate that residents often perceive more positive than negative impacts (Andriotis and Vaughan 2003; Byrd et al. 2009; McDowall and Choi 2010).

Some studies conclude that residents perceive that tourism has contributed to increased investment (McGehee and Andereck 2004; Nunkoo and Ramkissoon 2010; Sharma and Dyer 2009; Tosun 2002), employment create jobs (McGehee and Andereck 2004; Sharma and Dyer 2009; Tosun 2002), to diversify and improve the productive structure of the regions and to create more local wealth by increasing the tax revenue and income of the population (Andereck and Vogt 2000; Haralambopoulos and Pizam 1996; Tosun 2002). As for the negative impacts, the most mentioned in the studies on the perceptions of the residents is the increase of the prices of the goods and the services (Akis et al. 1996; Brunt and Courtney 1999; Haralambopoulos and Pizam 1996; Tovar and Lockwood 2008).

Of the positive and negative sociocultural impacts perceived by the residents of the tourist destinations, highlighting the valorization and promotion of cultural, religious, and sporting events, the valorization and preservation of the built heritage, the valorization and preservation of local traditions, the exchange Cultural and the creation of new services and infrastructures that serve the local population (McGehee and Andereck 2004; Andriotis and Vaughan 2003; Byrd et al. 2009; Nunkoo and Ramkissoon 2010). The increase in crime, a decrease in security and a change in the normal behavior of the resident population are, among others, the negative impacts perceived at the sociocultural level (Andereck et al. 2005; Gursoy and Rutherford 2004; Sharma and Dyer 2009).

At the environmental level, in the various studies conducted, residents identify that tourism development contributes to nature conservation, increased population awareness of environmental and natural heritage protection, increased pollution and destruction of biodiversity (Amuquandoh 2009; Andereck et al. 2005; Andriotis and Vaughan 2003; Ko and Stewart 2002) of any tourist destination.

5 Case Study and Results Analysis

This research focuses on the study of corporate social responsibility as the engine of sustainable tourism development. The spatial unit or territory that is based on empirical application, the Portuguese region of Beiras and Serra da Estrela, faces economic, sociocultural and environmental fragilities and lacks a sustainable development strategy that does not compromise the future of the residents of this region and that leverages development Territorial cohesion.

5.1 Research Questions

Despite some tourism development that this region already has, the tourist potential of this territory leads us to think that the tourist activity can present itself with greater dynamism and assume the driving role number one of its economic and social development. Thus, through the use of appropriate scientific methodology, research seeks to answer the following three research questions (Table 2).

Table 2 Empirical research questions

Question 1	• What is the overall perception of residents about the impact of tourism on the region? • What factors influence the overall perception of residents regarding the impact of tourism on the region?
Question 2	• What are the economic, sociocultural and environmental (positive and negative) impacts of tourism most perceived by residents? • What factors influence residents' perceptions regarding the impacts of tourism on economic, sociocultural and environmental levels?
Question 3	• What is the overall perception of residents of Corporate Social Responsibility in the tourism sector?

5.2 The Touristic Destination "Beiras E Serra Da Estrela"

The tourist destination is a component of the tourist system, considering in this relevant investigation its conceptualization. Its conceptualization involves some complexity because, given the particular characteristics of each one, there is a great diversity of tourist destinations. However, several authors (Ashworth and Voogdt 1991; Cooper et al. 2008; Laws 1995; Lundberg 1990; Mill and Morrison 1992) have defined the concept of tourist destination.

Ashworth and Voogdt (1991) define it as a place of consumption of a diversified set of goods and services. According to Cooper et al. (2008) a tourist destination comprises a set of elements (planned equipment and services) combined to attract visitors. Mill and Morrion (1992) emphasize that the success of a tourist destination, coupled with the existence of a set of services and attractions, depends on its attractiveness to visitors. For Lundberg (1990) the tourist destination can be thought of as a geographic unit that can be identified as having a common image.

In this research, Eusébio (2004) considers that a tourist destination is "a geographic space where there are coexisting natural elements (climate and landscape), constructed elements (constructed attractions, support infrastructures and tourist services) and Sociocultural elements (culture and hospitality of the residents) that interact with one another and are constantly changing (Eusebio 2006: 24). All these elements, integrated, influence visitors in choosing the tourist destination.

The definition of tourist destination region can be made by the researcher in accordance with the research objectives. In this research, a contiguous geographic area, defined by tourism development agencies or by researchers, has a tourist destination and a set of characteristics (physical, cultural and social, among others) and Important for the development of tourism. The territory of study of this research occupies a total area of 6 305 km^2, corresponding to 22.4% of the Central Portugal area and 7.1% of Continental Portugal (Fig. 1).

The territory where this empirical investigation takes place, includes the current NUT III Beiras and Serra da Estrela, fully integrated in NUT II Center of Portugal. Although the territory under study corresponds in its entirety to NUT III Beiras and Serra da Estrela, where it is considered pertinent, the territory will be disaggregated

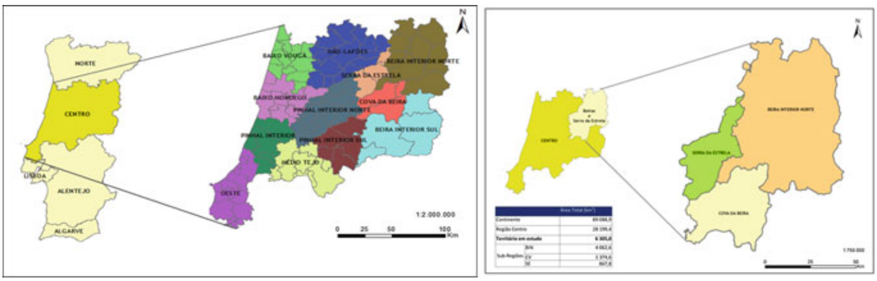

Fig. 1 The tourist destination "Beiras and Serra da Estrela"

in sub-regions coincident with the previous NUTS III: Beira Interior Norte (BIN), Cova da Beira (CB) and Serra da Estrela (SE). In this context, the reasons for choosing this territory, the region of Beiras and Serra da Estrela, were as follows:

(1) The territory corresponds to that of the extinct Tourist Development Complex of Serra da Estrela;
(2) The territory is located in the interior of mainland Portugal, is underdeveloped and urgently needs clear and viable strategies for sustainable economic and social development;
(3) The territory, consisting of the three sub-regions grouped together, has a clear geographical continuity;
(4) The territory is referred to as a tourist destination with its own unique characteristics, associated with a reference mark, the well-known "Serra da Estrela";
(5) The territory lacks studies focusing on tourism as a motor for sustainable development.

Geographic location is another reason for choosing this territory. As Silva and Ribeiro point out (2013: 1), "the empirical literature has long emphasized the asymmetric socioeconomic reality that Portugal presents", and this asymmetry is evident in the coastal and interior contrasts. The study area, located in the eastern part of the interior center of mainland Portugal, presents poor levels of socioeconomic development compared to other parts of the country. Given its socioeconomic reality, it is imperative to know this region well and to implement measures with the potential to promote and leverage its development on a sustainable basis. The mean density of the population in 2011 was about 37.4 inhabitants per km^2, much lower than the Central Region (82.5 inhabitants per km^2) (Table 3).

The phenomenon of the double aging of the Portuguese population, characterized by the increase of the elderly population and the reduction of the young population, is an unquestionable reality that is very evident in the 2011 Censuses. The age structure of the studied territory is characterized by a proportion of young people inferior to National mean and an index of aging higher than the national mean. However, the phenomenon of aging is more pronounced in the more rural counties compared to the more urban counties. In all of the three sub-regions more than 25% of the population is 65 or more years old (Table 4).

Table 3 Resident population, population density and rate of change of BSE resident population (2011)

Sub-regions	Resident population	Density population	Rate of change of resident population
	2011 (N.º)	2011 (Hab./km^2)	2011/2001 (%)
Beira Interior Norte	104 417	25.7	−9.46
Cova da Beira	87 869	63.9	−6.10
Serra da Estrela	43 737	50.4	−12.34

Table 4 Resident Population in Beiras and Serra da Estrela by gender and age group (2011)

Sub-regions	Resident population	Gender		Age Group			
		M	F	0–14	15–24	25–64	≥ 65
Beira Interior Norte	104 417	49 558	54 859	12 009	9 987	52 526	29 895
Cova da Beira	87 869	42 558	45 311	10 611	8 596	46 482	22 180
Serra da Estrela	43 737	20 609	23 128	4 792	4 306	22 030	12 609

5.3 Universe of Study and Final Sample

The universe of the study is part of the population, aged 15 years or over, resident in the tourist destination "Beiras and Serra da Estrela" (Table 5). The choice of residents, among the various stakeholders, is justified by the fact that they are key players in the development process of the territories

The universe did not affect the total resident population, but only the resident population aged 15 years or more. The decision to make this selection, also used in other studies (Barros 2011; Guerreiro et al. 2008), is based on the fact that children under 15 years of age have little knowledge or have not yet formed an opinion at the process level The development of tourism activity in the region, and the fact that older people (aged 15 and over) are better able to perceive the impacts of tourism in the territory under study.

For the determination of the final sample, the two most commonly used non-probabilistic procedures (convenience sampling and quota sampling) were chosen by quota sampling. This decision is justified because it is presented as the most appropriate method for the present investigation and is the one in which the damages to the representativeness in the characteristics of interest are less visible, insofar as the subjectivity, the convenience and interference of the investigator are reduced of the respondent and in the selection of the sample. In the application of the quota sampling technique, the following criteria were taken into account: the municipality of residence, the gender and the age group of the residents. The first criterion to apply was the municipality of residence (Table 6).

The questionnaire survey was the data collection tool selected in the scope of this research, presenting itself as the most appropriate when the universe of analysis is large and geographically dispersed. In this investigation the universe of study is

Table 5 Study universe according to age group and gender (2011)

Sub-regions	Age group			Gender		Total	
	15–24	25–64	≥ 65	M	F	N	%
BIN	9 987	52 526	29 895	43 432	48 976	92 408	44.30
CB	8 596	46 482	22 180	36 535	40 723	77 258	37.03
SE	4 306	22 030	12 609	18 181	20 764	38 945	18.67
Total	22 889	121 038	64 684	98 148	110 463	208 611	100.00

Table 6 Number of surveys to be applied by sub-region

Sub-region	Surveys to be applied	
	N	%
Beira Interior Norte	170	44.27
Cova da Beira	143	37.24
Serra da Estrela	71	18.49
Total	384	100.00

208.611 residents, geographically dispersed by fifteen counties covering a total area of 6 305 km^2.

5.4 Research Results

Regarding the first question of the investigation, the results obtained allowed concluding that, in relation to the perception of respondents of the impact of tourism at a global level, the perception is positive, with 71.4% of the respondents responding in the options "satisfactory", "quite Satisfactory "or" very satisfactory".

At the economic level, it was also possible to conclude that the respondents' perception of the impact of tourism is positive, since 61.2% considered the tourism effect to be "satisfactory", "very satisfactory", or "very satisfactory". At the sociocultural level, the perception of impact is also very positive, with 82% of the respondents responding "satisfactory", "very satisfactory", or "very satisfactory". Lastly, the study showed that the perception of the impact of tourism is very positive, as 89.1% of residents surveyed scored the "satisfactory", "very satisfactory", or "very satisfactory" options (Table 7).

Thus, the results of the data analysis have confirmed that respondents consider the impact of tourism to be positive, both globally and economically, socioculturally, and environmentally, also in a global analysis. However, it should be noted that it was at the environmental level that the most positive perception of the impacts of tourism was highlighted. In view of the above, it is concluded that, for the residents surveyed in the region of Beiras and Serra da Estrela, tourism is a motor activity of sustainable development at global, economic, environmental, and sociocultural levels.

Table 7 Perception of the impact of tourism on a global, economic, sociocultural and environmental level

Perception of the impact of tourism	Negative impact		Positive impact	
	N	%	N	%
Globally	110	28.6	274	71.4
At the economic level	149	38.8	235	61.2
At the sociocultural level	69	18.0	315	82.0
At the environmental level	42	10.9	342	89.1

The factors influencing the overall perception of the residents in relation to the impact of tourism on the region, there were significant differences, attributable to respondents' gender, in the perception of the impact of tourism at the environmental and sociocultural level. The study showed that women show greater satisfaction with the global impact of tourism at these two levels. The study also showed significant differences in the overall perception of the impact of tourism at the environmental level attributable to the existence of professional contact with a related activity as tourism. Respondents who have already had professional contact with tourism have expressed a higher level of satisfaction with the environmental impact of tourism.

At the environmental level there are significant differences in the perceptions of the respondents according to the sub-region of residence, the gender and the existence of professional contact with the tourism area. Finally, at sociocultural level there are statistically significant differences according to gender. The issues related to age structure, literacy, professional status, the habit of enjoying vacations and the existence of family members working in tourism did not show statistically significant differences in the perception of the impact of tourism at a global, economic, sociocultural level and environmental.

Regarding the second question of the investigation, the questionnaire was applied to the residents of Beiras and Serra da Estrela, and it was observed that, in general, residents consider that tourism has more positive than negative impacts, whether in economic, sociocultural or environmental terms.

In the perception of the economic impacts of tourism, respondents were questioned about the degree of agreement in relation to fourteen affirmations (12 positive impacts and 2 negative impacts), and the answers should respect the Likert scale of five points (1—strongly disagree with 5—completely agree). From the analysis of the data, it can be seen that, at economic level, the positive impacts most perceived by the respondents are that tourism has contributed (i) to increase the consumption of goods and services produced in the region, (ii) to create new opportunities for (iii) for the external valuation of the region's products, (iv) to generate locally more tax revenue, (v) to boost the development of existing activities, and (iv) to enhance the endogenous resources of the region, Generating more income. In terms of economic costs, the most perceived by the respondents was the rise in the price of goods in general (Table 8).

Regarding the sociocultural impacts of tourism, respondents were asked about the degree of agreement in relation to fifteen statements, 11 of which refer to positive impacts and 4 to negative impacts. Most respondents "agree" or "fully agree" that tourism has contributed to (i) the conservation of the built heritage, (ii) the creation of new services that serve the region's residents, (iii) the quantitative and qualitative increase Infrastructure and basic services, and (iv) the preservation and dissemination of local culture and traditions. The perception of the respondents is that the development of tourism activity has not caused great sociocultural costs, especially regarding levels of insecurity and crime, nor loss of cultural identity (Table 9).

Table 8 Perceived economic impacts of tourism

Economic impacts	N	Degree of agreement (%)*					Descriptive statistics			
		1	2	3	4	5	Mean	Mode	Median	Standard deviation
Positive impacts										
Contributed to increase public investment in tourism	384	4.7	37.0	20.1	31.2	7.0	2.99	2	3.00	1.074
Contributed to create more jobs for the resident population	384	3.4	22.9	20.1	44.5	9.1	3.33	4	4.00	1.033
Contributed to increase consumption of goods and services produced in the region	384	1.3	8.3	15.9	63.0	11.5	3.75	4	4.00	0.814
Contributed to increase production of goods in the region	384	2.1	19.3	26.6	40.5	11.5	3.40	4	4.00	0.991
Contributed to the external valuation of the region's products	384	1.3	17.4	20.1	46.1	15.1	3.56	4	4.00	0.989
Contributed to the creation of new business opportunities in the region	384	2.3	13.3	16.1	54.2	14.1	3.64	4	4.00	0.959
Contributed to locally generate more tax revenue	384	2,3	15.8	24.2	45.1	12.6	3.50	4	4.00	0.983
Boosted the development of existing activities	384	2.1	14.6	26.8	44.5	12.0	3.50	4	4.00	0.953
Generated wealth, because the money spent by tourists is in the region	384	3.6	15.1	28.4	40.9	12.0	3.42	4	4.00	1.004
Attracted national investments in the region	384	8.3	34.1	20.7	32.0	4.9	2.91	2	3.00	1.090
Attracted foreign investment in the region	384	11.5	46.0	20.1	18.8	3.6	2.57	2	2.00	1.035
Valued the endogenous resources of the region, generating more income	384	2.9	15.1	24.0	45.0	13.0	3.50	4	4.00	0.995
Negative impacts										
Raised the price of goods in general	384	8.3	48.3	23.4	16.1	3.9	2.59	2	2.00	0.984
Contributed to lower public investments in other sectors, due to public investment in tourism	384	12.0	61.2	14.8	9.1	2.9	2.30	2	2.00	0.897

[a]1—I strongly disagree; 2—I disagree; 3—I do not agree or disagree; 4—I agree; 5—I completely agree

From the above it is concluded that, at sociocultural level, the negative impacts are less perceived than the positive ones, presenting the tourism as a dynamic of the historical-cultural potential of the territory. This conclusion may be related to the fact that in the BSE territory, to date, there has been no mass tourism, nor is it expected that this will occur in the future, which may justify the perceptions of the respondents at sociocultural level.

In the perception of the environmental impacts of tourism, residents were asked about the degree of agreement in relation to nine environmental impacts, three of which were positive and six negative. Although the respondents did not perceive large negative environmental impacts (mode and median value 2 and mean always less than 3), the data present a great dispersion of responses. At the environmental level, the positive impact of the most perceived tourism is its contribution to improving the image of the region and the negative impact most perceived by the respondents is the increase in the amount of garbage caused by tourism (Table 10).

The reading of the data leads to the conclusion that although global environmental perception is very positive, when the environmental impacts are individualized, respondents do not show such a positive perception. However, it should be noted that respondents did not attribute to tourism many of the negative impacts reported in the literature.

This study allowed to identify which factors influence residents' perceptions regarding the economic, sociocultural, and environmental impacts resulting from the tourist activity. Regarding the economic impacts of tourism, there are statistically significant differences in the residents' perceptions according to the age group, literacy levels, occupational situation, habit of enjoying vacations, and, finally, the existence of family members working in the area of tourism. Thus, of the analyzed variables, there were no differences in perceptions of the economic impacts of tourism according to the gender of the respondents and the existence of professional contact with tourism. However, it should be noted that the differences only occurred in relation to some positive economic impacts and never in relation to the negative impacts.

Regarding the age of the respondents, the analysis of the data showed, on the one hand, that respondents aged between 25 and 64 years showed a greater degree of agreement regarding the economic benefits of tourism and, on the other hand, Who were the respondents aged 65 or over who least recognized the economic benefits of tourism. According to the educational qualifications, it was possible to conclude that the respondents with higher educational qualifications were the ones that showed the highest level of agreement regarding the positive economic impacts of tourism. According to the professional situation, it was found that the respondents were workers (who work effectively) who most perceived the positive economic impacts of tourism. However, respondents who are out of work were the ones who showed a lower level of agreement regarding the positive economic impacts of tourism. Still in relation to the economic impacts of tourism, it was found that those who habitually enjoy vacations perceived more positive economic impacts than those who usually do not take vacations. Finally, it was the respondents who have relatives working in the tourism area who most perceived the positive economic

Table 9 Perceived sociocultural impacts of tourism

Sociocultural impacts	N	Degree of agreement (%)[a]					Descriptive statistics			
		1	2	3	4	5	Mean	Mode	Median	Standard deviation
Positive impacts										
Contributed to the qualification of human resources	384	2.8	20.1	23.2	47.4	6.5	3.35	4	4.00	0.965
Contributed to improving the quality of life of residents by the income generated	384	2.6	16.4	24.7	46.9	9.4	3.44	4	4.00	0.960
Contributed to the creation of new services that serve the residents of the region	384	2.1	11.4	21.4	51.6	13.5	3.63	4	4.00	0.928
Contributed to the quantitative and qualitative increase of infrastructures and basic services	384	2.6	11.4	23.2	52.9	9.9	3.56	4	4.00	0.912
Contributed to the conservation of the built heritage	384	3.1	9.3	18.8	56.3	12.5	3.66	4	4.00	0.923
Contributed to increase the offer of cultural events	384	3.1	16.6	21.4	49.5	9.4	3.45	4	4.00	0.979
Contributed to increase the offer of religious events	384	7.0	30.7	30.0	28.1	4.2	2.92	2	3.00	1.016
Contributed to increase the offer of sporting events	384	2.9	15.1	25.5	46.1	10.4	3.46	4	4.00	0.966
Contributed to the preservation and dissemination of local culture and traditions	384	1.8	10.4	24.2	54.5	9.1	3.59	4	4.00	0.863
Contributed to the social development of the resident population	384	4.4	15.9	23.2	48.7	7.8	3.40	4	4.00	0.991
Contributed to the rejuvenation of the region's traditional arts and crafts	384	5.7	22.7	26.6	37.2	7.8	3.19	4	4.00	1.053
Negative impacts										
Contributed to increase insecurity and crime	384	15.6	52.1	17.7	12.0	2.6	2.34	2	2.00	0.967
Created urban problems	384	13.3	51.2	25.0	8.9	1.6	2.34	2	2.00	0.874
Decreased quality of services provided	384	16.7	55.5	19.5	5.7	2.6	2.22	2	2.00	0.882
Caught to the loss of cultural identity of the region	384	15.6	52.1	17.7	12.0	2.6	2.17	2	2.00	0.838

[a] 1—I strongly disagree; 2—I disagree; 3—I do not agree or disagree; 4—I agree; 5—I completely agree

Table 10 Perceived environmental impacts of tourism

Environmental impacts	N	Degree of agreement (%)[a]					Descriptive statistics			
		1	2	3	4	5	Mean	Mode	Median	Standard deviation
Positive impacts										
Contributed to a greater awareness of the population for the preservation of the natural heritage	384	6.0	36.2	24.2	28.4	5.2	2.91	2	3.00	1.043
Contributed to better use/creation of basic infrastructures, thus causing less negative environmental impacts	384	8.3	27.2	35.4	25.5	3.6	2.89	3	3.00	0.998
Improved the image of the region	384	3.9	27.6	20.5	35.2	12.8	3.25	4	3.00	1.111
Negative impacts										
Cause the scarcity of local natural resources	384	27.9	40.4	18.2	10.9	2.6	2.20	2	2.00	1.005
Decreased the quality of the environment	384	14.1	59.6	15.4	8.6	2.3	2.26	2	2.00	0.886
Created landscape problems	384	14.3	52.4	22.1	8.3	2.9	2.33	2	2.00	0.921
Responsible for the destruction of biodiversity	384	13.3	52.3	24.2	7.6	2.6	2.34	2	2.00	0.894
Responsible for increasing the amount of waste	384	10.9	54.2	18.0	13.5	3.4	2.44	2	2.00	0.971
Decreased cleaning of the counties of the region	384	12.5	56.6	20.8	7.8	2.3	2.31	2	2.00	0.873

[a] 1—strongly disagree; 2—I disagree; 3—I do not agree or disagree; 4—I agree; 5—I completely agree

impacts of tourism, in relation to those who do not have family members working in the tourism area.

Regarding the sociocultural impacts of tourism, there are statistically significant differences in the perceptions of respondents in the age group, literacy levels, occupational status, holiday habit, and, finally, the existence of family members working in the tourism area. There were no differences due to gender and the existence of professional contact with tourism.

The results indicated that respondents aged 15–24 were most in agreement that tourism contributes to increasing infrastructure and basic services in the region. Among the different levels of literacy, the results allowed to conclude that the respondents with higher education were the ones who most perceived the fact that tourism contributes to improve the quality of life of the residents, by the income generated. The results also allowed us to conclude that the respondents who habitually take vacations showed a greater degree of agreement about the positive effect of tourism on the qualification of human resources. Finally, it was found that respondents with family members working in the area of tourism perceived, at sociocultural level, more positive than negative impacts.

In relation to the environmental impacts of tourism, this study allowed us to conclude that there are statistically significant differences in the perceptions of the respondents according to age group, literacy, professional situation and the habit of enjoying vacations. It also revealed that, due to the gender, the existence of professional contact with tourism, and also the existence of family members working in the tourism area, there were no differences in the perceptions of the respondents in relation to the environmental impacts of tourism.

It was also found that according to the age group, literacy, professional status and, finally, the habit of enjoying vacations, there are only differences in the perceptions of the respondents in relation to positive environmental impacts. For each of the analyzed variables, it was noticed that those who perceived the positive environmental impacts were the residents surveyed (i) aged 25–64, (ii) who had higher education qualifications, (iii) who work and, lastly, (iv) who usually take vacations.

Regarding the third question of the investigation, the questionnaire was applied to the residents of Beiras and Serra da Estrela, and it was observed that, in general, residents consider that businessmen in the tourist sector are socially responsible, since approximately 74.5% of the respondents answered affirmatively (Table 11).

In a more detailed analysis, according to the respondents, it is in the environmental dimension where entrepreneurs in the tourism sector practice more socially responsible acts, followed by the sociocultural dimension and, lastly, the economic level. According to the respondents, tourism entrepreneurs in the BSE region are socially responsible actors that contribute to the sustainable development of tourism.

Table 11 Perception of corporate social responsibility

Perception of corporate social responsibility	Yes		No	
	N	%	N	%
Globally	286	74.5	98	25.5
At an economic level	194	50.5	190	49.5
At sociocultural level	236	61.5	148	38.5
At the environmental level	290	75.5	94	24.5

6 Final Considerations

The region of Beiras and Serra da Estrela is deeply influenced by its geographical situation and internal weaknesses, both in terms of its productive structure, human resources, and infrastructure. In order to achieve sustainable development, a structured strategy that takes account of its specific characteristics is essential. Thus, it is considered that tourism can contribute to the social and territorial cohesion of Beiras and Serra da Estrela. In spite of the tourist potentialities of the Beiras and Serra da Estrela, tourist tourism activity can influence, in a positive way, or in a negative way, the sustained development of the region.

Residents recognize that Beiras and Serra da Estrela have different realities and dynamics, perceive the positive and negative impacts of tourism development, economically, sociocultural, and environmental. In order to maximize the benefits of tourism and minimize the negative impacts of tourism on an economic, socio-cultural, and environmental level, residents positively perceive the role of corporate social responsibility in the development of sustainable tourism in the BSE region.

Despite the importance of the first research that present results in the area of tourism and CSR, this research has two important limitations. One limitation is related with the sample, because the results could not be generalize due to the fact that is small sample with specific characteristics which presents a sample bias. The other limitation is the sample itself, due to the fact is collect in Beiras and Serra da Estrela that could show geographical bias.

With respect of this and apart from highlighting the tourist potential of the region of Beiras and Serra da Estrela, namely from its most attractive resources, the research intends to give an answer to the main question, which lies in the impact that planning and a proper management of the tourist resources can have in the process of economic and social transformation of this region. Regardless the limitations, the authors agree that is the only way to promote the discussion and to improve better results.

In view of the results obtained in this research, and in view of this reality in the region, residents recognize the need to join efforts towards an integrated strategy for the region. The development challenges facing the Region of Beiras and Serra da Estrela require a proper space for understanding what their human resources, their cultural values, their environmental values, their endogenous resources, their exogenous relations are without risk their own identity. In this development scenario corporate social responsibility plays a very important role.

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Should We Expect Exemplary Integrated Reporting to Increase Organisational ESG Ratings?

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Abstract The aim of this chapter is to assess whether firms which have been recognised for exemplary integrated reporting (<IR>) should see an increase in their Environmental, Social and Governance (ESG) ratings, or indeed, whether firms that rate highly for their ESG performance manage to produce exemplary integrated reports. Studying 111 firms worldwide recognised for their excellent <IR>, the number of accolades awarded was estimated against their ESG ratings over six years from 2012–2017. The reverse relationship was also explored, together with regressions using the determinants of the CSR score; environmental, social and governance. Finally a necessary condition analysis (NCA) was carried out to ascertain whether having a good ESG score is a prerequisite for producing an exemplary integrated report (and vice versa). There appears to be no correlation between companies producing exemplary <IR> and their ESG ratings; nor indeed the reverse. However, there was some evidence that firms producing exemplary <IR> have higher governance scores and in turn, higher governance scores appear linked to more exemplary <IR>. There were no findings for the other two determinants of ESG (environmental and social). There was also no indication that having a good ESG score is a prerequiste for producing an exemplary integrated report based on the NCA. This chapter is of interest to practitioners and academics since it is the first study to consider whether there is a link between exemplary <IR> and highly rated ESG scores. It is also the first study to use the novel methodology of NCA in this arena to determine whether one (<IR> or high ESG scores) is a prerequisite for the other. Given the relative low numbers of firms using <IR> the results may lack generalisability, however the results are positive in that firms are not constrained by having to produce an exemplary integrated report in order to increase ESG ratings, should this be a corporate objective.

Keywords Integrated reporting · Environmental · Social and governance reporting · Corporate social responsibility · Necessary condition analysis

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1 Introduction

Traditional corporate reporting has primarily focused on the historic financial results and performance within an organisation, based on the disclosure requirements mandated by legal or financial market regulations. This has necessarily tended to focus attention almost exclusively on the economic or financial results of the organisation. However, over time there has been a shift in perception that organisations should also consider the broader impacts of their activities (both input and output related) on the wider environment, as there have been significant changes in the way business is carried out in the modern world (Bonner 2012; de Villiers et al. 2014; IIRC 2011). This changing business environment has been the result of increased globalisation, greater expectations about corporate accountability and transparency and concern over the environment (IIRC 2011). The traditional form of corporate reporting does not adequately address these concerns, and hence one response has been the growth of sustainability and additional narrative corporate reports. Undoubtedly, they have addressed some of the weaknesses of purely financial reporting, but they are not without their critics (Buhr 2007; Milne et al. 2009).

It is a stock exchange or legal requirement in some countries for companies to provide a management commentary on the financial results or to disclose material environmental or social metrics, such as greenhouse gas emissions or health and safety incidents (for example, through the Companies Act in the UK (UK Government 2017)). However these reports are largely unaudited, are highly selective in content and vary considerably in both content, format and consistency, making comparisons between organisations very challenging. Whilst there are a number of international standards on some elements of non-financial reporting, such as the Global Reporting Initiative (GRI) on environmental reports (GRI 2017), these are by no means universally adopted.

Equally, these reports, like the financial reports, tend to be largely historically focused on the results or outputs of the previous year; investors find that this makes financial decision-making on the basis of historic results alone difficult (Barth et al. 2016; IIRC 2013a). They also find that despite the provision of additional information about the environmental, social and governance (ESG) performance of the organisation, it is not always clear how these metrics fit in with the strategy of the organisation in the longer term.

This has paved the way for the development of integrated reporting (hereinafter abbreviated to the commonly adopted acronym of <IR>). <IR> has been spearheaded internationally by the International Integrated Reporting Council (IIRC) which was established in 2010 by bringing together a coalition of representatives across the globe from industry, investors, financial securities and regulatory bodies, as well as academics, standard setters and broader society (IIRC 2017b). The aim of this coalition is to encourage a greater focus on value creation in organisations and to consider the performance of the organisation in broader terms than financial alone (IIRC 2017b).

The IIRC's stated vision is 'to align capital allocation and corporate behaviour to wider goals of financial stability and sustainable development through the cycle of integrated reporting and thinking' (IIRC 2017b). Within this vision, the IIRC's International <IR> Framework defines an integrated report as 'a concise communication about how an organisation's strategy, governance, performance and prospects, in the context of its external environment, lead to the creation of value in the short, medium and long term' (IIRC 2017b). The emphasis is on integrated thinking which is designed to encourage firms to consider how they create value over time and what their key value drivers are. Whilst not providing a definitive guide on how to produce an integrated report, the IIRC promotes the concept of six capitals which firms utilise in differing ways in order to create their own 'value'. These capitals include: Financial, Manufactured, Intellectual, Human, Social and relationship and Natural (IIRC 2017b). They are intended to be the reserves of value that underpin the value creation of the organisation. In common with the more traditional concept of financial capital, all six capitals can be depleted, transformed or enhanced within organisations (IIRC 2011), but at the very least they should be maintained if the resources of the organisation are to be sustained long term. Clearly, there is a lot of interconnectivity between the capitals, as expenditure on one capital may lead to the depletion of another, at least in the short term (for example spending financial capital on manufactured capital when purchasing a production machine). However, the focus of <IR> on the ability of the organisation to create value over multiple time frames of short, medium and long term accepts this flow between capitals in one time period with the expectation that it should (ideally) result in an enhancement of overall capital and value in the longer term (IIRC 2013b).

Currently, the adoption of <IR> globally is voluntary, with the exception of listed companies in South Africa, for whom <IR> became mandatory from 2010 (IRCSA 2014). This has meant that beyond the group of around 100 'pilot programme' organisations (IIRC 2013a) who have voluntarily adopted <IR> elsewhere in the world, most organisations have not sought to develop <IR>. This is because it is seen as potentially providing more information than some firms would be comfortable with, such as their strategy and business model, having to trade off different stakeholder interests against each other and being perceived as 'more' reporting on top of what firms already do (van Bommel 2014).

This concern of 'more' reporting has in all likelihood stemmed from the explosion of requirements to disclose more company information about sustainability metrics and actions in recent years. Corporate Social Responsibility (CSR), ESG or sustainability reports have increased the length of corporate reports substantially over the past decade, but often without sufficient consideration of the meaning, contextualisation or linking of this additional data to the core strategy of the firm (de Villiers et al. 2014). The content of these reports is largely intended to respond to the growing concerns about the wider impacts and responsibilities of organisations to the environment, their workforce and community and their stewardship role, in the same way that <IR> is also concerned with the wider impacts of the organisation through its six capitals approach.

Arguably, the target audience of ESG or Sustainability/Governance reports (where they are separate reports) is different to that of <IR>, since the focus of ESG reporting is to publicly disclose specific metrics and performance on the environmental, social and governance issues which are material to the company, largely historically based. <IR> takes this reporting further by focusing on longer term value creation in a more holistic manner by incorporating both the risks and opportunities posed by the ESG issues in the Sustainability and Governance reports within the normal operating cycle of the business. It demonstrates how these issues are relevant in terms of strategy, risk management and should ideally present how the myriad of issues are traded off against each other through the discussion of the six capital impacts and materiality. Clearly, this level of discussion is aimed at the shareholder or capital provider (Adams 2015a, b; Flower 2015), rather than a general stakeholder, such as employees, environmental interest groups or for statutory bodies. Indeed, the level of detail covered in some ESG reports would not be considered material in <IR>. This may stem from legal requirements to make certain disclosures in ESG reports, which would still doubtless need to be addressed were a company to adopt <IR>. So it is perhaps more likely that the key strategic ESG issues will be highlighted in an integrated report, whilst the strictly 'compliance' (and more detailed) data will reside in a supplementary ESG report on a corporate website. Even though produced and directed at different stakeholders, nonetheless the ESG report may still be of interest to some capital providers as an assessment of risk or if they are specifically interested in socially responsible investing.

Many of these ESG reports are the basis for organisations' ESG disclosure ratings. To enable investors and analysts to understand how organisations are performing in the three areas of environment, social and governance, firms independent of the organisations being rated take source data such as the Sustainability/ESG reports, plus additional other disclosures, reports, questionnaires and publicly available information and grade or rate organisations on all three areas, and then provide an overall score. The precise weighting of the various elements of the sub-components of ESG and their composition in the overall rating varies from rating firm to rating firm and is generally proprietary information. However, the aim of these ratings firms is to provide investors and analysts with additional metrics on which to base their investment decisions.

With all of these similarities and divergences between <IR> and ESG reports in mind, could we expect an organisation which is able to formulate a good integrated report, addressing the wider impacts of the business on its six capitals, to perform better on their ESG metrics? Or indeed, the converse: is an organisation which rates highly on ESG issues more likely to produce an exemplary integrated report? This chapter seeks to address these questions and investigate why they might do so, but equally, why they might not. It is supported by some empirical evidence on exemplary <IR> reports produced by organisations in comparison with their ESG ratings.

2 Mapping <IR> to ESG: The Overlaps

As stated earlier, the <IR> framework developed by the IIRC sets out the concept of the six capitals as Financial, Manufactured, Intellectual, Human, Social and relationship and Natural (IIRC 2017b). These are defined in Table 1.

Given the experience that organisations already have in reporting on financial performance, the metrics used in early <IR> reports in regards to Financial Capital (and to a lesser extent, Manufactured Capital) were little different to the financial reports of non-integrated reports (IIRC 2013a).

The IIRC deliberately avoided suggesting metrics to measure the capitals, including the less familiar capitals (Natural, Human, Social and relationship and Intellectual), because they explicitly wanted organisations to develop more narrative or an explanatory 'story' around them (Adams et al. 2013; Alia et al. 2013). As acknowledged by Adams (2015a), 'telling a value creation story around multiple capitals involves more than metrics, but the GRI (Global Reporting Initiative)

Table 1 Definitions of the six capitals (IIRC 2013b)

Capital	Definition
Financial capital	The pool of funds that is available to an organisation for use in the production of goods or the provision of services, or obtained through financing, such as debt, equity or grants, or generated through operations or investments
Manufactured capital	Manufactured physical objects (as distinct from natural physical objects) that are available to an organisation for use in the production of goods or the provision of services, including: buildings and equipment, infrastructure (such as roads, ports, bridges, and waste and water treatment plants)
Intellectual capital	Organisational, knowledge-based intangibles, including: intellectual property, such as patents, copyrights, software, rights and licences and "organizational capital" such as tacit knowledge, systems, procedures and protocols
Human capital	People's competencies, capabilities and experience, and their motivations to innovate, including their: alignment with and support for an organisation's governance framework, risk management approach, and ethical values, ability to understand, develop and implement an organisation's strategy, loyalties and motivations for improving processes, goods and services, including their ability to lead, manage and collaborate
Social and relationship capital	The institutions and the relationships within and between communities, groups of stakeholders and other networks, and the ability to share information to enhance individual and collective well-being. Social and relationship capital includes: shared norms, common values and behaviours, key stakeholder relationships, and the trust and willingness to engage with external stakeholders. It also includes intangibles associated with the brand and reputation that an organisation has developed

Table 2 Metrics used by IIRC pilot programme organisations to measure capitals (IIRC 2013a)

Capital	Metrics used by pilot programme organisations
Natural capital	• CO_2 emissions • Energy consumption per energy source • Amount of waste • Environmental accidents • Recycled waste • Environmental protection investments • Animals purchased for trials
Human capital	• Number of employees • Diversity • Total investment in training • Employees in corporate e-learning • Average age • Average training days per employee • Employee survey results • Injuries per million working hours • Rate of absenteeism • Severance rate • Minimum wage ratio
Social and relationship capitals	• "Great place to work" ranking • Number of volunteers • Claims/ lawsuits • Involvement in social actions • Involvement in cultural projects • Customer satisfaction index • Provision for social projects • "Social investment" (money spent on philanthropy)
Intellectual capital	• Number of patent applications filed • Money spend on R&D • Number of tests with new technology • Brand awareness • Others might include: • Number of new products developed • Expenditure on organisational change/process development • Expenditure on software development for internal systems • Sales generated by R&D-derived products'

indicators could be, and very often are, used by organisations to inform their approach to (i) the stewardship of human capital, social and relationship capital and natural capital and (ii) reporting on these capitals in accordance with the IIRC's International <IR> Framework.' Indeed, an analysis of the reports in the early adopting companies in the IIRC Pilot Programme highlighted a number of metrics used to quantify their progress (IIRC 2013a). These are included in Table 2.

Many of these metrics do map to the constituents of sustainability reports across the three elements of Environmental, Social and Governance, whilst the Manufactured Capital and Financial Capital are largely addressed through the financial reporting in non- <IR> reports. This overlap might suggest therefore that if a firm was able to articulate its corporate performance across the six capitals through <IR>, then there might well be a resultant or corresponding increase in the organisation's ESG scores. The increased development and use of international standards on metrics to record and manage progress in such areas as ESG could create a considerable overlap between <IR> and ESG scores. Indeed, the International Standards Organisation (ISO) has established international standards (for example, ISO 26000) for the social responsibility of corporate and public sector organisations, and within the standards it sets out seven core areas which address many of the same issues as <IR>, albeit some couched in different terminology:

- Organisational governance
- Community involvement and development
- Human rights
- Labour practices

- The environment
- Fair operating practices
- Consumer issues

Equally, the Global Reporting Initiative (GRI) has created guidelines to support the measurement of sustainability progress through the GRI G4 Sustainability Reporting Guidelines with a range of metrics. These and other standard setting bodies encourage firms to measure and monitor their activities in a standardised, and hence comparable way (GRI and ISO 2014).

This drive to standardise reporting in the ESG arena has undoubtedly supported an increase in the number of firms disclosing data, as organisations have more guidance on the practicalities about what they should measure. Whether this is indeed merely selective 'greenwashing' (Lyon and Maxwell 2011) is a moot point and certainly most reports fail to provide a link between the ESG metrics they provide and the importance of them to the success of the business (de Villiers et al. 2014). However, this has also been one of the criticisms of <IR> since its adoption (IIRC 2013a).

The increased level of broader corporate reporting globally might lead us to expect a link between a well-conceived integrated report and ESG metrics, given the consideration of the organisation for the wider group of stakeholders its interacts with. Indeed, many academic papers have been written extolling the virtues of both ESG (usually referred to as CSR in academic literature) and <IR> and the benefits they bring to an organisation's financial performance (Orlitzky et al. 2003; Barth et al. 2016; Lee and Yeo 2016 are just some of the many examples). ESG performance and <IR> have also both been linked to the theory of 'good management': companies that perform well at ESG/CSR are exemplifying the engaged, considerate management which will bring long-term financial success (Waddock and Graves 1997), and incorporating all salient business issues into a rounded, integrated report is a demonstration of the quality of management (Churet and Eccles 2014). So whilst this might well suggest one could impact the other, there are also notable differences between the two forms of reporting which may suggest the lack of such a link.

3 Mapping <IR> to ESG: The Divergences

There are a number of different perspectives within the ethos of <IR> which may result in a divergence away from ESG score improvements. For example, the scope of conventional reporting is much more focused on the organisation, and whilst there may be reference to the wider organisation in some of the narrative management commentary sections, this is often quite narrow in focus. The intent of <IR> is to be much more inclusive of the wider inputs and outputs of the organisation on the wider environment, hence the scope is both the internal and external environment (IIRC 2013b).

Equally, the time horizon of these management commentaries and the data behind them (whether financial or ESG) is virtually always backward-looking from the reporting date, whereas the intent with the six capitals is to have more of a longer term, future orientation. This is likely to affect the scores which ratings firms might give to <IR> organisations, since the ratings firms are much more focused on an evaluation of what organisations have actually achieved and the progress they have made in ESG matters, usually supported by hard metrics as evidence, rather than a general discussion of their future intentions (Sharfman 1996).

Given the expectation that <IR> will be more concise (which few organisations have managed to achieve thus far IIRC (2013a), this may well necessitate a change in the level of detail provided in reports. Whilst investors have criticised the current level of reporting which has provided a mass of detailed data about issues such as greenhouse emissions (GHGs), the relevance and level of materiality of this data to the success (or otherwise) of the business is lacking in both <IR> (IIRC 2013a; Slack and Campbell 2016) and more traditional reporting (de Villiers et al. 2014). With <IR>, the intended focus on conciseness may well result in less data but more narrative explanation about the firm. This is something that may be poorly interpreted by companies who rate organisations about their performances in areas such as GHGs, with the effect that they reduce the ratings of organisations who actually reduce the quantity of metrics that they currently report if they move to an adoption of <IR>. This may be a particular issue for firms who report on certain metrics currently, but which do not actually have a large impact on them (low materiality). Therefore these firms may reduce the amount of detailed reporting provided on the basis of the requirement to be more concise and consider the level of materiality as a guideline to reducing the amount of data presented. This issue might be alleviated if more links were provided back to corporate websites with more detailed information not otherwise disclosed in the main report (Promethium Carbon and The Climate Disclosure Standards Board 2013).

Another area of divergence between <IR> and traditional corporate reporting is the focus on strategy and the business model in <IR>. The expectation is that <IR> should explain the longer term strategy of the organisation and its (material) reliance on the six capitals within this longer term viewpoint. <IR> is equally expected to clarify the interconnectivity within the six capitals as a richer explanation of value creation specific to that organisation (IIRC 2013b; IRSCA 2011). In contrast, there is no requirement to make such links within financial and ESG reporting, albeit some organisations may choose to disclose this, and many are required to address business risks in their management commentary (Financial Reporting Council 2014).

Hence there is both evidence to suggest that good <IR> reporting may translate into improved ESG ratings and vice versa, and also evidence to the contrary. Figure 1 summarises these key areas of scope, boundary, time horizon, metrics and interconnectivity with <IR> and conventional financial-sustainability-ESG reporting in a mapping diagram.

The next section of the chapter will set out the methods used to empirically test whether good <IR> affects ESG ratings and vice versa.

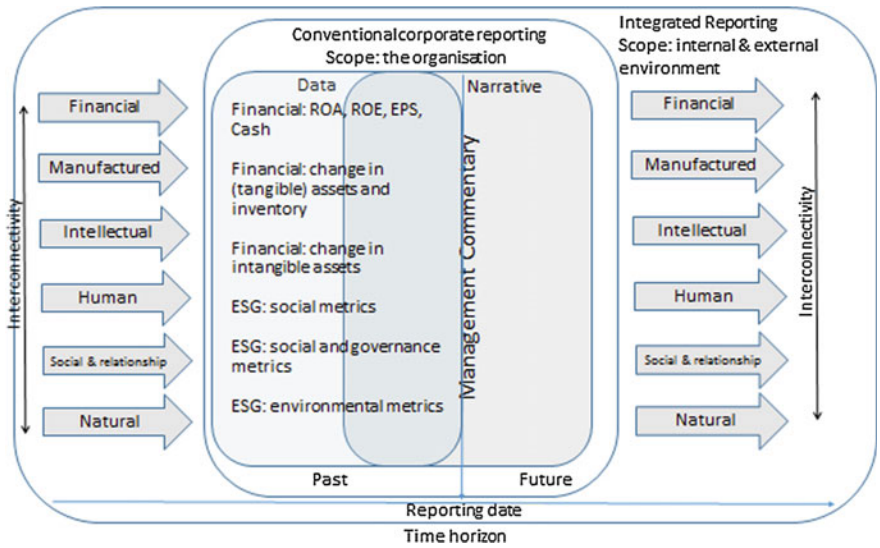

Fig. 1 Overlaps and divergences between conventional corporate reporting and integrated reporting: boundary, scope, interconnectivity and time horizons

4 The Hypotheses: The Overlap or Divergence Between <IR> and ESG Ratings

As seen from the previous sections, there are both reasons why good <IR> may translate into improved ESG ratings, and vice versa, but also reasons why it may not. Therefore the next section of this chapter will test the two hypotheses empirically. These hypotheses are

H1: Organisations which produce exemplary <IR> will see improved ESG ratings;

H2: Organisations which have higher ESG ratings will produce exemplary <IR>.

Within these two hypotheses the sub-components of ESG as well as the combined score will be tested.

5 <IR> and ESG—An Empirical Assessment

In order to investigate more fully whether organisations which produce excellent integrated reports experience an improvement in their ESG ratings or indeed, whether a high ESG score is more likely to lead to an exemplary integrated report, a small empirical study was carried out.

The sample for the study was taken from those firms whose <IR> have been 'recognized as leading practice by a reputable awards process or through benchmarking' (IIRC 2017a) and were listed on the IIRC Recognized Reports Examples Database on their website as at the end of September 2017. The various awards bodies included the:

- Australasian Reporting Awards
- EY Excellence in Integrated Reporting Awards
- PwC's Building Public Trust 'Excellence in reporting' awards
- CSSA Integrated Reporting Awards
- WICI (Japan) Awards for Integrated Reporting
- Nkonki State-Owned Company Integrated Reporting Awards
- Sijthoff Prize
- SAFA Awards
- Nikkei Annual Reporting Award.

At the end of September 2017 there were 184 companies credited as having their <IR> recognised either by an awarding body or by benchmarking. As by their nature, recognitions of reports occur typically up to one year after their issue, recognitions were counted for years 2012–2017, whereas the corresponding financial data was taken from 2011–2016 inclusive as these were the results on which the reports were judged. Due to the lack of availability of financial data for some of these firms across the chosen period, the sample was reduced to 111, of which 108 were listed on a stock exchange and three were unlisted.

The awards criteria between the different awarding bodies are necessarily different, but aim to recognise firms who have demonstrated excellence through their <IR> in areas such as the ability to 'provide a balanced and reasonable picture of their economic, environmental and social performance; facilitate comparability, benchmarking and assessment of performance; and address issues of concern to stakeholders' (Australasian Reporting Awards 2017) or for conciseness, reporting of performance against strategy, risk disclosure, strategic focus, focus on value creation and for innovation (EY 2015). Some also reward organisations for the adoption of GRI standards, including the use of their metrics (Australasian Reporting Awards 2017).

Each organisation was given a score of 1 for each time they have been 'recognised' either with an award or a commendation for best practice in a particular area of <IR> for use in benchmarking with other organisations. This meant that an organisation could be recognised by several different awarding bodies in the same year and therefore the only theoretical upper limit to the number of recognitions which could be given was the number of awarding bodies awarding recognitions in any given year, for each of the 6 years of the study.

Against this score a multivariate linear regression (ordinary least squares—OLS) was estimated using the ESG scores (including the sub-components of Environmental, Social and Governance in separate regressions) as obtained from the Bloomberg Professional Database, which is a database on organisations across the world with respect to their financial and ESG data. To determine whether there was a particular relationship with any of the shared metrics across <IR> and conventional financial and ESG reporting, a range of additional variables were also included in the regressions. These were largely based on the closest metrics available to map against the metrics used by the <IR> pilot programme participants. These variables were:

5.1 Independent Variables

- ESG score (ESG): Total ESG (Environmental, Social and Governance) Disclosure Score: a summarised Bloomberg score of environmental, social and governance scores, ranked between 0–100;
- Recognitions (Recognition): Total number of recognitions/awards given to the organisation over the six year time period under study;
- Environmental score (ENV): a Bloomberg measure of the environmental performance of a firm, ranked between 0–100;
- Social score (SOC): a Bloomberg measure of the social performance of a firm, ranked between 0–100;
- Governance score (GOV): a Bloomberg measure of the governance performance of a firm, ranked between 0–100;

5.2 Dependent Variables

- Type (TYPE): this denotes whether the organisation is listed on a stock exchange or unlisted;
- Region (REGION): geographic region of the organisation;
- Employees (EMPS): number of employees in the organisation and measure of Social or Human Capital;
- Return on assets (ROA): percentage based measure of efficiency of asset utilisation, based on net income divided by average total assets, also a measure of Financial Capital;
- Total assets (TOTASSET): proxy for firm size and Manufactured Capital;
- Industry (IND): variable based on Bloomberg's Global Industry Classification (GICs);
- Total equity (TOTEQY): total shareholders' funds in the organisation and measure of Financial Capital;
- Cash flow from operations (CFOPS): the cash flow from operations of the organisation and a measure of Financial Capital;

- Accounting standard adopted (ACSTD): whether financial metrics were reported using local General Accepted Accounting Principles (GAAP) or International Financial Reporting Standards (IFRS), and a measure of reporting quality;
- Auditor (AUD): the auditor of the organisation; a general measure of reporting quality if a firm has their financial statements audited by a 'Big4' auditor (namely PWC, Ernst and Young, KPMG or Deloitte Touche Tohmatsu);
- Inventory (INV): the closing inventory figure and a measure of Manufactured Capital;
- Change in tangible assets (CHGTANG): the change (as a percentage) of tangible non-current assets from one year to the next and a measure of Manufactured Capital;
- Change in intangible assets (CHGINTANG): is the change (as a percentage) of intangible non-current assets from one year to the next and a measure of Intellectual Capital;
- Debt to equity (DEBTEQY): a measure of financial structure (leverage) and risk of a company, measured as total debt/total equity. This is of relevance due the concern of <IR> to address organisational risk.

These variables were then used to test the two hypotheses in the following panel models:

Hypothesis 1: **Organisations which produce exemplary <IR> will see improved ESG ratings**

- $ESG = \alpha + \beta^T Recognition_{it} + \beta^T EMPS_{it} + \beta^T DEBTEQY_{it} + \beta^T TOTEQY_{it} + \beta^T CFOPS_{it} + \beta^T ROA_{it} + \beta^T IND_{it} + \beta^T Region_{it} + \beta^T TOTASST_{it} + \beta^T ACSTD_{it} + \beta^T AUD_{it} + \beta^T INV_{it} + \beta^T CHGTANG_{it} + \beta^T CHGINTANG_{it} + \varepsilon_{it},$

where i is a specific organisation for time/year t, and β^T are the slope coefficients for the variables of interest in the study and Ɛ is the error term.

Hypothesis 2: **Organisations which have higher ESG ratings will produce exemplary <IR>**

- $Recognition = \alpha + \beta^T ESG_{it} + \beta^T EMPS_{it} + \beta^T DEBTEQY_{it} + \beta^T TOTEQY_{it} + \beta^T CFOPS_{it} + \beta^T ROA_{it} + \beta^T IND_{it} + \beta^T Region_{it} + \beta^T TOTASST_{it} + \beta^T ACSTD_{it} + \beta^T AUD_{it} + \beta^T INV_{it} + \beta^T CHGTANG_{it} + \beta^T CHGINTANG_{it} + \varepsilon_{it}$

where i is a specific organisation for time/year t, and β^T are the slope coefficients for the variables of interest in the study and Ɛ is the error term.

Additionally, the separate sub-components of ESG (Environmental, Social and Governance) were estimated in place of the combined ESG score to determine whether there are any specific effects from these on the reporting excellence of the organisation.

6 Results and Discussion

The correlation matrix for all variables is presented in Table 1.

None of the variables are highly correlated with other with the exception of those within the ESG group—where there is clearly correlation between the individual sub-component scores of ESG (Environmental, Social and Governance) and the total ESG combined score, but these are not used in the same regressions (Table 3).

Table 4 shows the variety of organisational summary statistics in the study. Whilst all firms had to have at least one recognition to be in the study, the average is 2, demonstrating that once firms have established 'good' <IR> that they are likely to be recognised multiple times, either by the same awarding body or by a different one. The highest number of recognitions in the study was 7 over the 6-year time period, hence at least in one year, the organisation was recognised more than once (by different awarding bodies).

Firms are also of differing sizes in the study, as shown by the employee, total equity and total asset figures. As organisations are in different sectors, some may have more physical assets than others (e.g. manufacturing businesses versus service companies), and to assess whether the manufactured and intellectual capitals of firms affects recognitions (or ESG scores) the total assets figure has been further analysed into inventory and changes in both tangible and intangible assets. Here again there is a wide variety of levels in the different organisations. Equally there is a variety of different levels of financing (debt to equity) and financial performance amongst the firms (as evidenced by cash flow from operations and return on assets).

In terms of ESG performance, again there is a wide dispersion of results, from zero to some very exemplary upper scores. Overall, it would appear that environmental scores are the lowest, which could be a reflection of the mixture of industries in the study, as clearly environmental scoring is of more relevance to some sectors such as basic materials and energy, than the financial sector.

Overall, these summary statistics indicate the wide variety of business types and sizes of organisations in the study; there is not a particular bias to smaller or larger firms or indeed specific sectors.

In Table 5, the sectors of organisations in the study as determined by the Bloomberg Global Industry Codes (GICS) are shown. The study has incorporated a wide variety of different sectors. Some studies omit financial sector organisations due the often complicated nature of their financial reporting. However, as the topic of the study was to determine whether producing exemplary <IR> would result in higher ESG scores, then whilst industry may be a factor, it is not a reason to exclude a particular sector in this study, as <IR> by its very nature will be tailored to the

Table 3 Correlation matrix of variables

	Recognition	EMPS	DEBTEQY	TOTEQY	CFOPS	ROA	TOTASST	ESG	ENV	SOC	GOV	INV	CHGTANG	CHGINTANG
Recognition	1													
EMPS	−0.1075	1												
DEBTEQY	−0.0672	0.1411	1											
TOTEQY	−0.0417	0.3485	0.2135	1										
CFOPS	0.0070	0.1397	0.0100	0.3295	1									
ROA	0.1397	−0.1261	−0.0840	−0.1416	0.0194	1								
TOTASST	0.0005	0.2694	0.3791	0.7915	0.1061	−0.1815	1							
ESG	0.0663	0.0522	−0.0949	0.2361	0.1263	−0.0774	0.0996	1						
ENV	0.0261	0.0484	−0.0787	0.2708	0.1504	−0.0813	0.1074	0.9329	1					
SOC	0.0804	0.0369	−0.0776	0.1232	0.0842	−0.0790	0.0307	0.8692	0.6851	1				
GOV	0.0876	0.0560	−0.1127	0.1520	0.0571	−0.0232	0.0851	0.8152	0.6075	0.7254	1			
INV	−0.0825	0.2856	−0.0648	0.4061	0.2519	−0.0309	−0.0036	0.2072	0.2725	0.0823	0.1027	1		
CHGTANG	−0.0251	−0.0341	0.0397	−0.0252	0.0304	0.2592	−0.0362	−0.1272	−0.1223	−0.1212	−0.0774	−0.0523	1	
CHGINTANG	−0.0355	−0.0273	−0.0317	−0.0250	−0.0131	0.0334	−0.0206	0.0020	0.0163	−0.0237	−0.0030	−0.0242	0.1394	1

Where EMPS is number of employees, DEBTEQY is debt to equity ratio, TOTEQY is total shareholders' equity in the organisation, CFOPS is the cash flow generated from operations, ROA is the return on assets, TOTASST is the total assets of the organisation, ESG is the combined weighted score of the three subcomponents of Environmental Disclosure Score, Social Disclosure Score and Governance Disclosure Score from Bloomberg, assessing CSR rating, ENV is the Environmental Disclosure Score, SOC is the Social Disclosure Score, GOV is the Governance Disclosure Score, INV is the total inventory, CHGTANG is the change (as a percentage) of tangible non-current assets from one year to the next, CHGINTANG is the change (as a percentage) of intangible non-current assets from one year to the next

Table 4 Summary statistics

	Recognition	EMPS	DEBTEQY	TOTEQY	CFOPS	ROA	TOTASST	ESG	ENV	SOC	GOV	INV	CHGTANG	CHGINTANG
Min	1	156	0	−759	−81,206	−24.98	82	0	0	0	0	0	−1.00	−1.00
1st Quartile	1	9,947	33	2,202	471	1.08	5,336	36.02	24.03	38.60	55.36	2	−0.04	−0.07
Median	1	25,929	58	6,727	1,726	3.69	17,480	46.42	37.21	49.12	62.50	235	0.03	0.01
Mean	2	53,829	111	19,704	3,451	4.98	149,281	43.62	35.45	47.14	57.99	1,400	0.04	1.39
3rd Quartile	2	73,223	126	21,711	3,421	7.60	76,939	53.72	48.06	57.89	66.07	1,233	0.12	0.12
Max	7	648,254	2,536	199,978	90,841	64.83	2,692,500	73.21	73.79	88.33	85.71	21,371	1.22	459.08
Std dev	1	87,769	159	32,188	10,971	7.58	406,823	15.38	17.27	17.89	16.48	2,999	0.16	23.57

Table 5 Number of firms, average recognitions and ESG disclosure scores by industry sector

	Number of firms	Average recognitions	Average ESG	Average ENV	Average SOC	Average GOV
Basic materials	19	2.16	46.33	39.11	47.15	62.12
Communications	5	2.00	43.14	31.37	52.38	59.46
Consumer, Cyclical	10	1.90	39.98	31.03	42.69	55.77
Consumer, Non-cyclical	24	1.71	40.85	33.69	43.47	54.69
Diversified	1	1.00	49.17	38.37	60.53	62.50
Energy	6	2.50	56.34	53.40	59.48	59.57
Financial	23	2.57	43.48	32.40	48.97	60.33
Industrial	11	1.45	43.73	37.76	44.21	57.01
Technology	4	1.75	35.37	24.39	43.06	52.83
Utilities	8	1.50	44.48	37.43	50.23	55.36
	111	**1.99**	**43.62**	**35.45**	**47.14**	**57.99**

business model of the organisation, rather than a specific sector. Interestingly, the financial sector tends to have the highest average number of recognitions; which may in part be due to the need for financial institutions to clarify their business model and increased transparency requirements since the global recession of 2008–2009. Therefore the focus on <IR>'s need to explain the business model will be of interest to that sector; this may not result in higher ESG, since some of these elements, such as environmental may be of lesser relevance to the financial sector. Indeed, the financial sector does not have overall the highest average ESG scores as seen in Table 5.

Whilst there was only one organisation in the diversified sector, it is difficult to extrapolate further insight from their performance as the lowest number of recognitions, although the utilities sector is better represented and performs also quite low in terms of recognitions. Overall, the energy and basic materials sectors have tended to have among the higher average recognitions for <IR> and for ESG disclosure scores. Their focus on their place and dependence on their wider environment for resources and their impact on those resources may well be an underlying factor to this, as they will need to justify their organisational behaviour and longevity on the basis of both inputs to and outputs from the organisation on the wider environment. These two industry sectors have often a much higher profile than other sectors in terms of their environmental impacts and the resultant pressures that encourage these types of industry to demonstrate their environmental credentials and risk management. In terms of <IR> reporting, it is crucial that this inherent risk and importance of the wider environment to the long term strategy of the organisation is adequately explained, and the higher than average number of recognitions suggests that these firms are engaged in this agenda.

Table 6 shows the relative results by geographical region. This table illustrates that whilst the largest number of organisations recognised emanate from Europe,

Table 6 Number of firms, average recognitions and ESG disclosure scores by geographic region

	Number of firms	Average recognitions	Average ESG	Average ENV	Average SOC	Average GOV
Africa	22	2.95	41.35	29.98	48.39	58.70
Asia	17	1.35	38.05	32.08	37.02	52.03
Australasia	3	3.67	49.00	40.89	56.12	59.82
Europe	59	1.76	46.06	38.24	48.99	60.30
North America	6	1.50	41.34	33.24	45.49	56.45
South America	4	2.25	43.21	38.01	51.54	46.21
	111	**1.99**	**43.62**	**35.45**	**47.14**	**57.99**

they are not the most recognised overall. Since <IR> has been made mandatory for listed companies in South Africa since 2010, it is not surprising that there are many recognised organisations in the African region, and indeed by having to report in this way has necessarily caused firms to develop both their understanding of <IR> but its implementation and reporting. This experience shows in the higher than average number of recognitions; in most areas (except environmental), these African organisations also present higher than average ESG (combined and individual) scores also. Again, this could be a reflection of their greater recognition of wider stakeholders and the need to address them in their reporting. The Australasian region, whilst having only three organisations in the sample scored both highest in terms of recognitions but also above average in ESG individual and combined scores. Again this is possibly the result of integrated thinking addressing the needs of the wider stakeholders in the organisation, and being able to demonstrate that to investors through their reporting. The weakest scoring region was Asia, followed by North America. Whilst firms in these areas are being recognised at an individual level for their <IR>, their ESG scores also appear among the weakest; perhaps demonstrating a lack of engagement with the wider stakeholder agenda relative to other regions; an observation which has been found in other research (de Villiers et al. 2014).

The first observation in Table 7 which shows the results of regressing ESG against Recognition and vice versa is that there is no apparent relationship between the two: in other words, highly scored ESG activities do not appear to result in highly regarded <IR> reporting and highly regarded <IR> reporting does not result in improved ESG scoring. This hence means that H1 and H2 hypotheses are rejected. Whilst a good quality <IR> report may address the greater interconnectivity between the strategy and multiplicity of elements present in business, this does not appear to be reflected in an improved rating in the overall firm ESG performance.

Hence it would appear that reporting on what the management deem the most important business issues and risks (beyond simply the financial) as per the ethos of <IR> is not recognised by the ratings firms such as that used by Bloomberg for

Table 7 Regression results of recognitions versus ESG ratings and ESG ratings versus recognitions

	Recognition	ESG
ESG	0.002	
	–0.003	
Recognition		0.34
		–0.474
TypeUnlisted	−0.815**	−0.694
	−0.345	−4.119
RegionAsia	−1.227***	−4.488
	−0.24	−2.902
RegionAustralasia	0.504	9.522**
	−0.315	−3.736
RegionEurope	−1.225***	5.785***
	−0.15	−1.857
RegionNorth America	−3.504***	−9.317
	−0.48	−5.932
RegionSouth America	−0.907***	7.465**
	−0.286	−3.419
EMPS	0	−0.00001
	0	−0.00001
DEBTEQY	−0.0001	−0.013***
	−0.0003	−0.004
INDCommunications	−0.918***	1.533
	−0.266	−3.186
INDConsumer, Cyclical	−0.123	−4.357*
	−0.221	−2.617
INDConsumer, Non-cyclical	−0.552***	−3.794*
	−0.179	−2.141
INDDiversified	−1.906***	7.523
	−0.518	−6.217
INDEnergy	0.244	8.159***
	−0.254	−2.999
INDFinancial	0.31	−2.183
	−0.19	−2.264
INDIndustrial	−0.970***	−1.986
	−0.201	−2.436
INDTechnology	−0.024	−10.617***
	−0.292	−3.451
INDUtilities	−0.265	0.794
	−0.239	−2.848
CFOPS	0	0.0001
	0	−0.0001
ROA	0.035***	−0.059
	−0.007	−0.087

(continued)

Table 7 (continued)

	Recognition	ESG
TOTASST	0	0.00001***
	0	0
ACSTDIAS/IFRS	0.964*	6.217
ACSTDUS GAAP	3.152***	13.665
	−0.688	−8.298
AUDAZSA	−1.504***	−1.609
	−0.556	−6.643
AUDDeloitte	−1.876***	−7.295
	−0.511	−6.131
AUDERNSTYOUNG	−2.020***	−2.020***
	−0.536	−6.437
AUDGRANT THORNTON	−1.960***	−22.381***
	−0.689	−8.193
AUDKPMG	−1.253**	−7.897
	−0.511	−6.094
AUDPWC	−1.311**	−9.309
	−0.519	−6.188
INV	0.00001	0.001***
	−0.00002	−0.0002
CHGTANG	−0.009	−6.904*
	−0.325	−3.855
CHGINTANG	−0.002	−0.01
	−0.002	−0.024
Constant	3.547***	43.165***
	−0.767	−9.111
Observations	666	666
R2	0.387	0.211
Adjusted R2	0.35	0.163
F Statistic (df = 38; 627)	10.438***	4.407***

Note *p < 0.1, **p < 0.05, ***p < 0.01

measuring ESG. This may suggest that these reports too brief or too interwoven with strategy for the ESG elements to be assessed by the ratings firms. It is also possible that the <IR> reports themselves address issues outside that which is measured under ESG by such firms, perhaps tending to focus on strategy and future thinking, rather than the traditional historic reporting on which a lot of ESG data is based, since it would clearly be inappropriate to rate a firm on its intentions rather than its actions.

Equally, having a higher score for ESG which is aimed at evaluating the ability of the firm to address more than purely financial figures does not get reflected in the <IR> reports. Again, this could be a reflection of the way in which ESG data is collected and how <IR> is reported. Whilst there is no suggestion that there is a complete overlap between ESG rating and <IR>, as per the earlier discussion, it is perhaps surprising that there is not at least a small link between the two. This is especially unexpected given the theory that companies who engage well in ESG tend to be better managed (Waddock and Graves 1997) and <IR> is again expected to reflect a more engaged and joined up (integrated) thinking from management across the plethora of business issues, not just the financial (Churet and Eccles 2014).

The results of the regression did indicate other factors which have some apparent influence on the number of times a firm's <IR> may be recognised. The requirement for South African companies (which make up the majority of the Africa sample) to practice <IR> in years since the end of 2010 does appear to mean that their reports are recognised more frequently than those of some other regions, for which there are some negative and significant results (e.g. Asia, Europe and North America (Africa is the default region against which the other regions are assessed in the regression)). As was seen from the earlier analysis in Table 5, whilst there are more European companies being recognised for good <IR>, African companies still tend to perform better over the 6-year period. Whether this will later change as other companies learn from these exemplars and build on this best practice in the coming years as more companies adopt <IR> remains to be seen. One criticism of <IR> is that there are no 'rules' dictating what should be covered in the reports, only guidelines. Whilst advocates (including the IIRC) state that this is because each company is different and has its own issues which it should choose to emphasise in its reporting, critics of this lack of rules state that this leads to a lack of comparability (IIRC 2013a) and standardisation. Perhaps by building on the experience of the exemplar companies in this study as more firms choose to adopt <IR>, a form of best practice may well emerge over time.

Other influences for gaining recognition appear to be size as expressed by total assets (positive and significant) and return on assets (ROA) (positive and significant). This is perhaps not surprising in a sense, since few small companies have adopted <IR>, although even amongst those who have adopted it, it appears the larger companies (with more resource, in terms of asset or returns) have been able to invest in good quality <IR> which is recognised. It could also be argued that these larger companies are more visible to investors and other stakeholders, which may render them more likely to scrutinised than smaller ones.

There are also a few industry effects, such as Communications, Consumer Non-cyclical, Industrial and Diversified, relative to the default industry sector of Basic Materials. As there was only one company in the Diversified sector, it is not possible to draw any meaningful conclusions with regards to this finding. However, it would appear that the firms in the Basic Materials industry sector are more likely to produce exemplary <IR>. This is possibly because of their visibility in terms of impact on the broader environment and necessity to 'manage' investor perceptions of their governance around it.

Other variables, such as the number of employees (another reflection of size), cash flow from operations, inventory or changes in tangible and intangible assets did not appear to affect the recognition of the firm's <IR>.

The R squared of this first model is reasonably high at 0.387, since some authors, such as Falk and Miller (1992) regard a value of at least 0.10 for the construct to be adequate and Cohen (1998) suggests 0.13 or above to be a moderate level of explanation of variance within a model. Other authors regard higher levels of R squared such as above 0.19 (Chin 1998) or 0.25 (Hair et al. 1998) to provide a weak explanatory power only. What this level of R squared does indicate is that there are other factors which influence whether or not a company may be recognised for producing good <IR>. These factors may include the quality of the management team, the composition and skills of the board and, given the competitive nature of being recognised for an award (although less so for those firms who were recognised through a benchmarking process), sheer luck. However, this study has not used any ranking of firms as to whether they won first prize or third prize in any awards, only that they were recognised for being particularly good examples of <IR> according to the measures in the awarding process. Hence by using a wide range of different awarding and benchmarking recognising bodies over a number of years, being recognised for exemplary reporting, for example, for providing the information required in the spirit of <IR> should indicate reporting quality. For example, as reported in the Barth et al. study (2016), the EY awards, although they have changed slightly over the course of the years of their awards, have a robust method (normally proprietary, but disclosed to the authors of the Barth et al. study) to assess reporting quality.

Looking at the influence on ESG scores (ESG) in Table 7, as noted earlier, exemplary <IR> does not appear to affect ESG scores. Influencing variables for good ESG include being larger as expressed by total assets and some regions are also more likely to have higher ESG scores, such as Australasia, Europe and South America. This could reflect the relative maturity of ESG in different regions, or indeed a lack of information for the raters to assess ESG performance in some countries. Whilst the primary source of data for ESG ratings comes from public sources, such as corporate reports, there is still some individual contact between the rating firms and the individual firms, and the quality and quantity of these responses will undoubtedly affect the scoring in some way.

There were also some industries which tended to have differing ESG scores, relative to the default industry of Basic Materials, such as Cyclical and Non-cyclical Consumer (negative and significant effects) and Energy (positive and significant to $p < 0.01$). This finding is also supported in other literature where some industries (like Basic Materials and Energy sectors) are more visible on key issues such as the environment and hence are more subject to environmental legislation than other sectors, who can score a much more limited rating on such issues as their impacts are by the nature of their industry, much lower.

One intriguing finding from this model is that having the financial reports audited by certain auditors appears to have a negative effect on ESG. Whilst many sustainability and similar non-financial reports are in the main not audited and

Table 8 Regression results of recognitions versus sub-component ESG ratings (Environmental, Social and Governance)

	ENV	SOC	GOV
	1	2	3
Recognition	0.265	0.25	0.497
	−0.502	−0.563	−0.532
TypeUnlisted	−2.834	5.626	−2.174
	−4.358	−4.885	−4.616
RegionAsia	−1.113	−10.381***	−5.041
	−3.07	−3.442	−3.252
RegionAustralasia	14.278***	9.448**	1.213
	−3.953	−4.431	−4.187
RegionEurope	7.792***	3.928*	3.538*
	−1.964	−2.202	−2.081
RegionNorth America	−14.179**	−0.947	−4.026
	−6.276	−7.036	−6.648
RegionSouth America	13.530***	10.049**	−8.515**
	−3.618	−4.055	−3.832
EMPS	−0.00001	0	0
	−0.00001	−0.00001	−0.00001
DEBTEQY	−0.013***	−0.012**	−0.015***
	−0.004	−0.005	−0.005
INDCommunications	−1.622	9.229**	−0.513
	−3.371	−3.779	−3.571
INDConsumer, Non-cyclical	−5.06	−0.936	−4.025*
	−2.264	−2.539	−2.399
INDDiversified	5.49	16.437**	3.352
	−6.577	−7.373	−6.967
INDEnergy	12.036***	12.095***	−4.736
	−3.173	−3.557	−3.361
INDTechnology	−13.828***	−3.474	−10.650***
	−3.651	−4.092	−3.867
INDUtilities	1.56	6.535*	−6.895**
	−3.013	−3.378	−3.192
CFOPS	0.0001	0.0001	0.0001
	−0.0001	−0.0001	−0.0001
ROA	−0.044	−0.154	0.0003
	−0.092	−0.104	−0.098
TOTASST	0.00001***	0	0
	0	0	0
ACSTDIAS/IFRS	10.434	12.960*	−10.296
	−6.68	−7.488	−7.075

(continued)

Table 8 (continued)

	ENV	SOC	GOV
	1	2	3
ACSTDJP GAAP	5.638	17.230**	−10.175
	−7.713	−8.647	−8.17
ACSTDLK GAAP	12.46	19.924**	−7.842
	−8.615	−9.658	−9.126
AUDERNSTYOUNG	−13.558**	−13.558**	4.425
	−6.81	−7.635	−7.214
INV	0.001***	0.0003	0.0004
	−0.0003	−0.0003	−0.0003
CHGTANG	−7.500*	−8.348*	−3.774
	−4.078	−4.572	−4.32
CHGINTANG	−0.005	−0.025	−0.006
	−0.025	−0.028	−0.027
Constant	38.091***	31.332***	66.942***
	−9.639	−10.806	−10.21
Observations	666	666	666
R2	0.3	0.18	0.137
Adjusted R2	0.257	0.13	0.085
F Statistic (df = 38; 627)	7.064***	3.613***	2.616***

Note *p < 0.1, **p < 0.05, ***p < 0.01

therefore at first sight the link between auditor and ESG rating may not appear an obvious one, being audited by a certain auditor (usually the big 4 of PWC, Ernst and Young, Deloitte Touche and Tohmatsu or KPMG) is sometimes seen as a proxy for reporting quality in many studies. Therefore, this might infer that if the financial reports are of 'good' quality, then the other non-financial reports on which a lot of the ESG rating will be derived from, should be also of 'good' quality (whether audited or not) and a reasonable reflection that the firm actually does what it says it does in ESG areas (rather than 'greenwashing'). Hence one might expect to see that reflected in higher ESG scores. Equally, as one determinant of ESG is governance, one might anticipate that a board which reports using a big 4 auditor should operate to higher governance standards than one that does not, and hence see that filter through to a higher ESG score. The sub-components of ESG such as governance are regressed in further models below.

The R squared of this second model is weaker at 0.211 than the first model, hence suggesting the overall variance of the fit and hence explanatory power of the model is weaker and therefore there are additional variables not captured in this model which have an influence on ESG scores.

The explanatory power of the next three models as presented in Table 8 vary from 0.137 (Governance), 0.18 (Social) and 0.3 (Environmental), which again suggest the lack of all explanatory variables in the models concerned. These models take each of the three subcomponents of ESG, Environmental (ENV), Social (SOC) and Governance (GOV) and assess whether they influence the good <IR> reports.

In many ways, these models reflect similar relationships to the combined ESG score as discussed above. There are some differing regional and industry differences which affect whether or not a firm may produce exemplary <IR>, but none of the sub-components appear to impact on <IR>. This is perhaps not surprising since by definition each of the sub-components are focused on only one facet of the business (albeit they individually can address a number of key issues within that focus), whereas 'good' <IR> is supposed to address the multi-faceted nature of the whole business.

Additional models were also estimated, such as assessing whether good <IR> affects the individual subcomponents of ESG, but there was no significant change in the results and hence for brevity the full results table has not been included in this chapter.

7 Additional Empirical Approach: Necessary Condition Analysis

It is thus far evident that being a producer of exemplary <IR> does not appear to affect ESG scores and having good ESG scores does not appear to suggest that organisations would be likely to produce exemplary <IR> as the approaches to reporting required are too different. One final piece of analysis was carried out to test whether, whilst not causal in nature, one is a necessary precondition for the other, otherwise known as necessary condition analysis (NCA).

This novel methodology pioneered by Dul (2016), utilises a conventional scatterplot between two variables (although multivariate models are also possible) to determine whether one variable (being an exemplar in <IR>) is a necessary condition for the other (higher ESG scores). The inference is not that that condition (being good at <IR>) is the only condition necessary to increase ESG scores, but that it is nonetheless necessary: indeed one could argue that low R squared metrics suggest other variables may be required for better explanatory power in any case. Each dot in the scatterplot corresponds to an observation in the data, but what NCA does is to look for the existence and size of the empty space in the upper left-hand corner of the scatterplot. The inference is that the empty space indicates that Y is constrained by X, and that X constrains Y (Dul 2016).

In order to calculate the size of any effect, NCA draws a ceiling line at the top of the scatterplot where there are no longer any observations called the 'ceiling zone' (Dul 2016). The size of this ceiling zone relative to the rest of the scatterplot is a measure of the effect size. The larger the empty space in comparison with the rest of the scatterplot, the larger the effect size of the necessary condition.

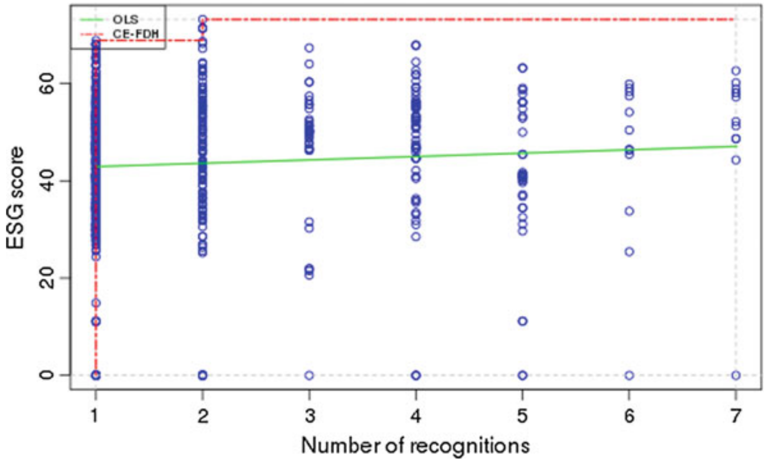

Fig. 2 Necessary condition analysis scatterplot of ESG score versus number of recognitions (Dul 2016)

In terms of the relationship between exemplary <IR> and ESG scores as can be seen in Fig. 2, the effect size is 0.01 which is a very small effect. Therefore exemplary <IR> is not a necessary condition for increased ESG scores (which is perhaps quite intuitive) but neither is having good ESG scores necessary to produce exemplary <IR>, hence confirming the view that the two approaches to corporate reporting are totally different.

8 Conclusion

Whilst the direction of travel is for more companies to engage with <IR> and indeed report on ESG issues, whilst there are apparent overlaps between them, there appears to be no improvement of ESG scores in companies who produce exemplary <IR> reports, nor an increased ESG score resulting from a higher quality of <IR> reports produced.

Clearly, <IR> and ESG reporting have evolved from different perspectives and origins, <IR> being more overtly targeted at the 'capital providers' of the organisation, whereas ESG reporting has evolved to address concerns from a broader stakeholder standpoint. That said, there is clearly much overlap between <IR> and ESG reporting. Indeed, as noted by the IIRC, 'an integrated report provides insight into the organisation's relationships with its key stakeholders and how and to what extent the organisation understands, take into account and responds to their needs' (IIRC 2011 p. 13).

Where <IR> does differ from ESG reporting is in the scope (including materiality), system boundary, emphasis on a longer time frame, interconnectedness between capitals with the underpinning of a longer term strategic focus. The aims of both <IR> and ESG reporting are not dissimilar, in that they both extend the scope of financial reporting beyond the purely financial. This broadening of scope has made a genuine improvement to corporate accountability (Adams 2015a, b; International Integrated Reporting Council 2013). It really is perhaps then this ‘integrated’ emphasis and integrated thinking approach of <IR> which sets it apart from conventional financial reporting and which is the unique success factor for organisations which have embraced it.

In a sense, the findings from this research are positive, since those organisations who have not yet adopted <IR> are not prevented from improved ESG ratings just because they have not produced either an exemplary integrated report, and one is not a prerequisite for the other. Whilst there are apparent financial benefits from adopting <IR> (Barth et al. 2016), organisations can still leverage their ESG activities to improve their ratings should they wish to do so. However, clearly the direction of travel for corporate reporting is for more narrative explanation about the organisation, with possibly fewer metrics (unless material to the organisation’s long term value creation). Without some guidelines, it is clear that organisations will struggle to make large changes to adapt to newer forms of corporate reporting, as many have done through the adoption of <IR> (International Integrated Reporting Council 2013), but hopefully by highlighting the activities of the exemplary integrated reports, this process will be improved by those using such reports as benchmarks.

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A Content Analysis of CSR Research in Hotel Industry, 2006–2017

Abdul Moyeen, Shahnawaz Kamal and Mohammad Yousuf

Abstract Despite the progress of the field of corporate social responsibility (CSR) in recent decades, the knowledge of CSR has been very limited in hospitality and tourism industry in general and in hotel industry in particular. A literature search revealed that scholarly research in the area of CSR in hotel industry began in mid-2000 and it has grown in recent years. However, there has been no review of literature conducted covering CSR issues exclusively in hotel industry. Given the growth of publications in CSR research in hotel industry, it was felt that a content analysis of research would be valuable to scholarship. The present study aims to contribute to this end by presenting a review of articles published in scholarly journals until mid-2017. The findings suggest that the initial focus of CSR research in hotel industry was in the area of CSR practices (economic, social and environmental), impact and importance of CSR, perceptions of CSR by consumers and managers. Interestingly, with the growth of research in recent years, the focus has shifted more towards CSR communication/reporting, green/environmental responsibility and sustainability area. This paper is perhaps the first content analysis of CSR research in hotel industry—an industry that is often blamed for irresponsible use of environmental resources and hence responsible for environmental un-sustainability. It is envisaged that this paper will stimulate further research into CSR in hotel industry and therefore to contribute to advance the field.

Keywords Corporate social responsibility (CSR) · Hotel industry
Content analysis · CSR in hotel industry

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1 Introduction

Whilst the focus of corporate social responsibility (CSR) studies have prominently been in the area of generic management (Basu and Palazzo 2008; Gjølberg 2009), the knowledge of CSR has been very limited in hospitality and tourism industry in general and in the hotel industry in particular. Although CSR seems to be a fairly new area in hospitality research, a growing interest in CSR research within the hospitality and tourism industry has been emerged over the last few years (Bohdanowicz et al. 2011). The interest in CSR has risen due to the increased expectations and awareness of various stakeholders of the responsibility the hospitality industry could discharge particularly in improving the natural environment or at least by reducing the degradation of it.

The hotel industry is one of the world's fastest growing sectors and a key contributor to the growth of tourism business globally (de Grosbois 2012). Whilst the hotel industry contributes significantly to global economy by supporting the leisure and business travel and creating employment opportunities; the industry is often blamed for imposing numerous negative impacts on the natural, social and economic environments (de Grosbois 2012). Kirk (1995) further argued that many hotels in major cities are situated near cultural or natural heritage sites. These hotels attract increasing number of travellers, which often poses additional risk of increasing ecological footprint.

As per the 'product service continuum' suggested by Lundgren (1995), hotel is perceived to be an industry that does not cause recognisable air and/or water pollution in the way that a conventional factory/plant (such as coal) does. The perception that the hotel industry causes only little or no harm to the natural environment, thereby having no major risk for sustainability, may have played a role in placing little emphasis on hotel industry in academic and policy research. Despite this perceived role of hotel industry in comparison with other heavy-pollution causing sectors such as mining, chemical and manufacturing; policy makers and other stakeholders in recent times has demonstrated growing interest in CSR and sustainability strategies that the hotel companies are adopting to mitigate their negative impacts to the economy, society and natural environment (de Grosbois 2012). Further, with the emergence of environmentally conscious clients groups (Kang et al. 2012), the hotel/tourism industry now encounters additional challenges to attract these customer groups and satisfy their social and environmental demands (ETN 2009).

Given the economic and social importance of the hotel industry and the emerging challenges that the industry is encountering in mitigating environmental risk as well as attracting and satisfying emerging group of environmentally conscious clients many hotel companies have now appeared to integrate CSR in their business strategies and report the initiatives and performance of their CSR/ sustainability-related activities to various stakeholder groups. Academic research investigating CSR practices and issues by hotel companies has also been on the rise in recent years (for example, Kang et al. 2012; Xiao et al. 2017; Zizka 2017).

Despite the growth of publications in the area of CSR, no review of literature has yet been conducted covering CSR issues exclusively in hotel industry. Hence, it is felt that a content analysis of research would be valuable to scholarship. The present study aims to contribute to this end by presenting a review of articles published in scholarly journals until mid-2017.

2 Literature Review

Over the last few decades, governments, academics and various stakeholders and pressure groups have demonstrated growing concern about the social and environmental impact of human action in general and business operations in particular. This concern and resulting awareness of various groups including businesses themselves has influenced the idea of sustainability and its three pillars of economic, environmental and social action receiving wider public support. It is important that the businesses recognise their social and environmental responsibilities, integrate strategies to mitigate negative impacts of their operations, and positively contribute to improve the economic, social and environmental conditions (Juholin 2004). Accordingly, businesses now consider the importance of social and environmental impact of their operations, integrate CSR into their business process, engage with local communities, extend their support to various global initiatives, build partnerships with various multilateral and bilateral development agencies and report their social and environmental performance (Fryans 2005; Zu and Song 2009).

It is now widely accepted that businesses must remain competitive, while, at the same time, they should be acting in a socially responsible way to benefit the larger society (Rodriguez-Fernandez 2016). Accordingly, one major issue in CSR and sustainability discourse today is about how businesses can integrate CSR in a strategic and planned manner considering its impact on all three pillars of sustainability (Wang et al. 2016). In supporting businesses' to achieve their economic, social and environmental goals, a number of frameworks and guidelines have been developed in recent years (de Grosbois 2012).

Although there is now an extensive CSR literature, a conclusive definition of the concept of CSR is yet to emerge. Various terms have been used to capture the meaning of CSR. They include corporate citizenship, corporate sustainability or social responsibility of business. The popular but early belief that implies CSR largely as the voluntary and philanthropic contributions has significantly changed over time (Meehan et al. 2006). CSR conceptualizations have been largely influenced by stakeholder theory (Freeman 1984), which suggests that companies have an obligation to try to satisfy the expectations of a wide group of stakeholders. The European Commission's definition that views CSR as 'a process to integrate social, environmental, ethical, human rights and consumer concerns into their business operations […] with the aim of maximizing the creation of shared value for their owners/shareholders and for their other stakeholders and society at large'

(European Commission 2011), aligns perfectly with the stakeholder theory approach that considers CSR as an extension of corporate governance, whereby a business is expected to perform duties to a broader group of stakeholders (Theodoulidis et al. 2017). Further, with the recognition of contribution that CSR is intended to make in addressing social, economic and environmental problems, CSR can be viewed as a vehicle for sustainable development (Moyeen 2018).

As a multidimensional construct (Dahlsrud 2008), CSR is often cited as 'the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large' (WBCSD 1999, p. 3). This view has widened the scope of CSR by toning down its unwarranted focus on philanthropic responsibility—which many consider as a desirable business responsibility today - and established that CSR is an integral part of sustainable development. As per this view, CSR is categorised into the same three main dimensions of sustainable development as environment, economy, and society. Whilst several attempts were made to narrate what constitutes CSR activities in the management literature (e.g. Carroll 1979; Wood 1991), very little progress is made in this regard within the hospitality context (Levy and Park 2011). Accordingly, CSR researchers in hospitality and tourism industry are reliant to use the mainstream CSR concepts and frameworks in conducting their research.

The hospitality is developed as one of the largest and fastest growing industry in the world (Choi et al. 2009; de Grosbois 2012). Earlier estimates indicated that the hospitality industry employed 120 million employees and earned revenues exceeding $3.8 trillion (Enz and Siguaw 1999; Goodman 2000). More recent data show that as the largest service industry, directly and indirectly hospitality contributes around 9% of the world's GDP (UNWTO 2015).

Although early examples of CSR in different forms were evident in various writings, Carroll (1979) argued that the modern age of CSR only began in 1953. Whilst much of the research on CSR has covered issues relating to generic management (Basu and Palazzo 2008; Gjølberg 2009), and in so-called heavy-polluting industries such as mining, chemical or manufacturing (Garay and Font 2012); research interest in issues relating to CSR in hospitality industry has grown in the last few decades. Despite the potential value that the industry can add to local destinations, the hospitality industry, particularly the hotel industry can also have enormous negative social and environmental impacts. The hotel industry is being criticised, for example, for their irresponsible consumption of environmental resources (such as water) and imposing of numerous impacts on the natural, social and economic environments, including contribution to climate change; air pollution; noise pollution; biodiversity loss; waste generation; and other social and economic issues (de Grosbois 2012). Due to such criticism, the industry now encounters challenges in satisfying a growing group of environmentally conscious clients (ETN 2009). In addressing such challenges, many businesses in this industry have integrated CSR in their business strategies and reported the practices and outcomes of their CSR programs.

Academic interest has been increased in recent years in investigating various CSR issues and topics relating to hospitality industry (for example, da Silva et al. 2014; de Grosbois 2012; Kasim 2007). Research suggests that CSR adoption by hotel industry is driven by factors such as profit motives, brand positioning, ethical considerations of managers and owners, stakeholders' pressure and employee relations (e.g. Butler 2008; Han et al. 2011; Tzschentke et al. 2008). The CSR research in hotel industry focused on various issues such as customer's and managerial perceptions of hotel industry's CSR activities, particularly of their environmental practices (Kang et al. 2012; Xiao et al. 2017; Holcomb and Smith 2015; Njite et al. 2011; Choi et al. 2009), importance of CSR (Bohdanowicz and Zientara 2009; Boluk 2013; Kasim 2007; Radwan 2015), its reporting and communication (de Grosbois 2012; Zizka 2017), green practices (Kasim 2007; Kleinrichert et al. 2012; Lin 2016; Robin et al. 2017), and challenges to implementation of CSR (da Silva et al. 2014). Despite the growth of publications in the area of CSR in tourism industry and particularly in hotel industry, no review of literature has yet been conducted covering CSR issues exclusively in hotel industry. Hence, it is felt that a content analysis of research would be valuable to scholarship. The present study aims to contribute to this end by presenting a review of articles published in scholarly journals until mid-2017.

3 Research Method

Suitability of certain research method depends on the research aims and objectives (Jennings 2010). This research adopts content analysis technique for reviewing the existing research articles on CSR focusing on the hotel industry. Content analysis is a systematic method of coding published information into various groups based on preselected criteria (Guthrie et al. 2004). Disaggregating of data into different groups helps to identify any significant pattern and can provide new insights and practical understanding. This research selected summative content analysis as being appropriate content analysis technique. The summative content analysis is a flexible approach and unlike other content analysis technique (such as manifest, conceptual and relational) focusing on an understanding of the underlying perspective of the pattern emerged from the contents (Hsieh and Shannon 2005).

This research used 'Google Scholar' (GS) to identify the related articles. GS has the largest database of published materials and also easy to access (Kousha and Thelwall 2007). Moreover, it has been used as a data source in a number of other content analysis (Griffin 2013; Xiao and Smith 2008; Yousuf and Backer 2015). Different keywords were used but the keyword 'CSR in hotel industry' generated the highest number of search results. However, this study collected data only published in the hospitality and tourism journals and GS returned 242 articles. However, 33 articles that met the following criteria included in the study:

1. CSR had to be the focus of the study. Studies that merely mentioned or discussed the CSR concept or considered it as one of many variables were not included.
2. Only peer-reviewed journals were included
3. Only articles that were available online and accessible.
4. The articles written in English.

The use of the above selection criteria provided consistent coding of data and helps maintaining face and content validity of data. The progression of CSR research in hotel industry is tapped through recording the number of publications in different years. The topic of interest was identified based on the CSR elements covered by the studies. For example, any study that focused on the CSR programs and initiatives in the hotel industry were categorised as 'CSR practices'. Likewise, studies that looked at reporting and communication of CSR programs adopted and outcomes of the programs were considered under 'CSR communication and reporting'. MS Excel 2010 software was used for data entry and analysis purpose. The frequencies of the number of publication by year, topic of interest and by research method were calculated, and the findings are presented in tables and graphs.

Table 1 presents the categorisation of articles reviewed according to the topic of interests identified.

4 Results and Discussion

As mentioned previously in the method section, the journal articles that were published until July 2017 and that met the inclusion criteria for this study were identified, and accordingly, 33 journal articles were selected. Table 2 presents the details of the articles included in this research. The extent of progress of CSR research relating to hotel industry is presented through disaggregating the 33 selected articles by their year of publications (Fig. 1). Following this, Table 3 presents the pattern of CSR research that has been evolved over the years, while Table 4 indicates the research approach adopted in CSR studies in hotel industry.

4.1 The Progression of CSR Research in Hotel Industry

As can be seen from Fig. 1, articles on hotel industry CSR was very limited during the early years (2006–2008). Gradually, it gained increased attention by the academics, which was evidenced by the number of journal publications in 2009. The positive trend of publications continued with some variations until 2017, when it reached to the highest in number in any given year, with a total of six publications in the first half of 2017. This data may indicate the potential for further growth of

Table 1 Classification of Studies According to the Topic of CSR Research Identified

Topics of CSR Research	Narration of Topics
CSR Practices	CSR practices (also includes social entrepreneurship)
Impact and Importance of CSR	Hotel companies' (including 'Fair Hotels' scheme) role in improving the quality of life of local communities and the well-being of their employees
Green (environmental) practices	Wider adoption of environmental responsibility/green practices and communication
Consumer Perception of CSR	Consumers' perception about the importance of various dimensions of CSR (economic, legal, ethical philanthropic, environmental) and their willingness to pay for environmentally responsible behaviour
Hotel Managers/Owner's Perceptions of CSR	Hotel managers' (and owners) perceptions of company's CSR culture, and motivations and ways of CSR engagement
CSR Communication and Reporting	The methods, degree of information, and the audiences targeted in communicating/reporting CSR activities
Sustainability Innovation-Sustainable Development	Sustainability adoptions, innovations and eco-friendly hotels
Challenges for the Practices of CSR	Challenges in developing an organisational culture for the practices of CSR
Consumer responses to discontinuation of CSR	Consumer response to discontinuation of CSR activities by hotels
CSR Decision-Making Process	The decision-making processes of managers in small- and medium-sized enterprises toward CSR
Stakeholder's Roles/Initiatives in Promoting Rural Tourism	Stakeholders-broadcasting role and initiatives in promoting rural tourism and thereby sustainable development
CSR and Financial Performance	Relationship between stakeholder management, expressed as CSR activities, firm strategy and Corporate financial performance (CFP)
Sustainable Behaviour and Competitiveness	Sustainability (triple bottom line) and potential synergetic benefits for competitiveness

CSR research in hotel industry in future. Of note, the tourism and hospitality journals are identified as the major vehicles for publishing CSR research relating to hotel industry. The absence of mainstream CSR/Sustainability journals such as Journal of Business Ethics or Social Responsibility Journal in publishing CSR in hotel industry related articles may, therefore, contributed to the limited advancement of the field (Table 2).

Table 2 Articles Focusing CSR Issues in Hotel Industry

Year	Authors	Article	Journal
2006	Kasim, A.	The need for business environmental and social responsibility in the tourism industry	International journal of hospitality & tourism administration
2007	Kasim, A.	Towards a wider adoption of environmental responsibility in the hotel sector	International Journal of Hospitality & Tourism Administration
2008	Bohdanowicz, P., & Zientara, P.	Corporate social responsibility in hospitality: Issues and implications. A case study of Scandic	Scandinavian Journal of Hospitality and Tourism
2009	Gard McGehee, N., Wattanakamolchai, S., Perdue, R. R., & Onat Calvert, E.	Corporate social responsibility within the US lodging industry: An exploratory study	Journal of Hospitality & Tourism Research
2009	Bohdanowicz, P., & Zientara, P.	Hotel companies' contribution to improving the quality of life of local communities and the well-being of their employees	Tourism and Hospitality Research
2009	Choi, G., Parsa, H. G., Sigala, M., & Putrevu, S.	Consumers' environmental concerns and behaviours in the lodging industry: A comparison between Greece and the United States	Journal of Quality Assurance in Hospitality & Tourism
2009	Han, H., Hsu, L. T. J., & Lee, J. S.	Empirical investigation of the roles of attitudes toward green behaviours, overall image, gender, and age in hotel customers' eco-friendly decision-making process	International Journal of Hospitality Management
2010	Holcomb, J., Okumus, F., & Bilgihan, A.	Corporate social responsibility: what are the top three Orlando theme parks reporting?	Worldwide Hospitality and Tourism Themes
2011	Levy, S. E., & Park, S. Y.	An analysis of CSR activities in the lodging industry	Journal of Hospitality and Tourism management
2011	Ergul, M., & Johnson, C.	Social entrepreneurship in the hospitality and tourism industry: an exploratory approach	Consortium Journal of Hospitality & Tourism
2011	Njite, D., Hancer, M., & Slevitch, L.	Exploring corporate social responsibility: A managers' perspective on how and why small independent hotels engage with their communities	Journal of Quality Assurance in Hospitality & Tourism

(continued)

Table 2 (continued)

Year	Authors	Article	Journal
2012	Kang, K. H., Stein, L., Heo, Y. J., & Lee, S.	Consumers' willingness to pay for green initiatives of the hotel industry,	International Journal of Hospitality Management
2012	Kleinrichert, D., Ergul, M., Johnson, C., & Uydaci, M.	Boutique hotels: Technology, social media and green practices.	Journal of Hospitality and Tourism Technology
2012	de Grosbois, D.	Corporate social responsibility reporting by the global hotel industry: Commitment, initiatives and performance	International Journal of Hospitality Management
2012	Garay, L., & Font, X.	Doing good to do well? Corporate social responsibility reasons, practices and impacts in small and medium accommodation enterprises	International Journal of Hospitality Management
2013	Boluk, K.	Using CSR as a tool for development: An investigation of the fair hotels scheme in Ireland	Journal of Quality Assurance in Hospitality & Tourism
2013	Jayawardena, C., Pollard, A., Chort, V., Choi, C., & Kibicho, W.	Trends and sustainability in the Canadian tourism and hospitality industry	Worldwide Hospitality and Tourism Themes
2013	Sandve, A. & Øgaard, T.	Understanding Corporate Social Responsibility Decisions: Testing a Modified Version of the Theory of Trying	Scandinavian Journal of Hospitality and Tourism
2013	Ponnan, R.	Broadcasting and socially responsible rural tourism in Labuan, Malaysia.	Worldwide Hospitality and Tourism Themes
2013	Boley, B. B., & Uysal, M.	Competitive synergy through practicing triple bottom line sustainability: Evidence from three hospitality case studies	Tourism and Hospitality Research
2014	Rosalind Jenkins, N., & Karanikola, I.	Do hotel companies communicate their environmental policies and practices more than independent hotels in Dubai, UAE?	Worldwide Hospitality and Tourism Themes
2014	da Silva, D. L. B., Ferreira, L. B., & da Cruz Andrade, D. A.	Corporate social responsibility (CSR) in the hospitality industry: Challenges and practices in São Luís, Maranhão, Brazil	Journal of Tourism and Hospitality Management
2015	Hailu, F. K., & Nigatu, T. F.	Practices and challenges of Corporate Social Responsibility (CSR) in the hospitality industry: the case of first level hotels and lodges in Gondar city, Ethiopia	Journal of Tourism and Hospitality

(continued)

Table 2 (continued)

Year	Authors	Article	Journal
2015	Radwan, H. R. I.	The Impact of Corporate Social Responsibility on Employees in the Hotel Sector	International Journal of Tourism & Hospitality Reviews
2015	Holcomb, J. L., & Smith, S.	Hotel general managers' perceptions of CSR culture: A research note	Tourism and Hospitality Research
2016	Fatma, M., Rahman, Z., & Khan, I.	Measuring consumer perception of CSR in tourism industry: Scale development and validation	Journal of Hospitality and Tourism Management
2016	Lin, S. S.	Waste stream analysis of all-you-can-eat buffet restaurants in tourist hotels–the study of the influence of current restaurant practices on their foodservice waste	European Journal of Hospitality and Tourism Research
2017	Xiao, Q., Yoonjoung Heo, C., & Lee, S.	How do consumers' perceptions differ across dimensions of corporate social responsibility and hotel types?	Journal of Travel & Tourism Marketing
2017	Robin, C. F., Pedroche, M. S. C., & Astorga, P. S.	Revisiting green practices in the hotel industry: A comparison between mature and emerging destinations	Journal of Cleaner Production
2017	Zizka, L.	The (mis) use of social media to communicate CSR in hospitality: Increasing stakeholders'(dis) engagement through social media	Journal of Hospitality and Tourism
2017	Horng, J. S., Liu, C. H., Chou, S. F., Tsai, C. Y., & Chung, Y. C.	From innovation to sustainability: Sustainability innovations of eco-friendly hotels in Taiwan	International Journal of Hospitality Management
2017	Theodoulidis, B., Diaz, D., Crotto, F., & Rancati, E.	Exploring corporate social responsibility and financial performance through stakeholder theory in the tourism industries	Tourism Management
2017	Li, Y., Fang, S., & Huan, T. C. T.	Consumer response to discontinuation of corporate social responsibility activities of hotels	International Journal of Hospitality Management

4.2 The Pattern of CSR Research in Hotel Industry

This study considered that the topic of CSR research and the incidence of investigation, rather than merely reporting the number of articles published, would be a useful information for current and potential researchers intending to advance the

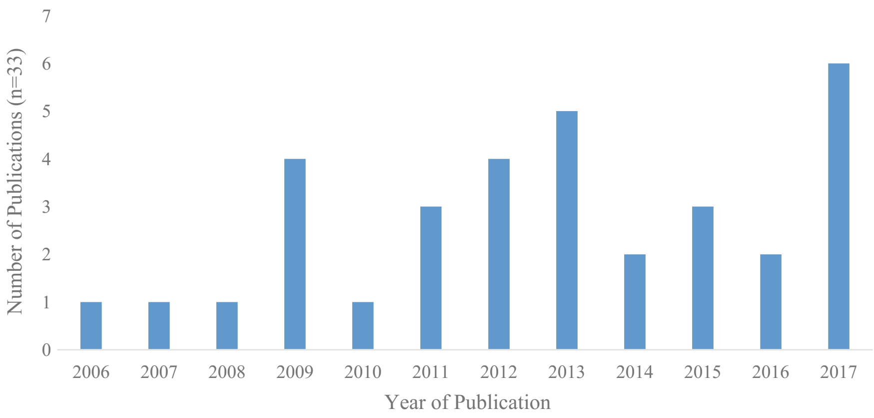

Fig. 1 CSR research in Hotel Industry Publications by Year

field of CSR in hotel industry. Overall, the analysis revealed that the majority of articles focused on a single topic, while only six articles considered more than one topic of CSR as their research focus. Table 3 presents the results by grouping the years into two different periods: 2006–2011 and 2012–2017. The data indicates that the major focus of CSR research in early stage centred on CSR practices by hotel companies, followed by the importance and impact of CSR to the hotel industry and the wider community, and the perception of consumers towards CSR practices/ responsible behaviour by hotels. Although the research interest largely remained the same in the later stages, researchers in recent years, however, started demonstrating their interest more towards environmental responsibility/green practices, CSR reporting and CSR–financial performance relationship. The areas in which only a limited interest was recognised include CSR decision-making process, role of stakeholders in promoting local tourism, and sustainability practices-business competitiveness nexus.

Table 4 presents the research approach that various CSR studies in hotel industry adopted. The data reveals that most of the research integrated qualitative approach in studying issues relating to CSR in hotel industry. This seemed to be particularly true when the researchers intended to explore the practices of CSR including environmental responsibility practices and the impact of CSR on local communities. Given the CSR research in hotel industry is still undeveloped, particularly in the area of environmental responsibility, it is expected that researchers adopt a more in-depth approach for an overall knowledge development in the field.

Table 3 The Evolution of CSR Topics of Interest

Topics of CSR Research	2006-2011		2012-2017		Total	
	Frequency	%	Frequency	%	Frequency	%
CSR practices	5	41.7	6	22.2	11	28.2
Impact and importance of CSR	3	25.0	2	7.4	5	12.8
Consumer perception of CSR	2	16.7	3	11.1	5	12.8
Green (environmental) practices	1	8.3	3	11.1	4	10.3
Hotel managers' perception of CSR	1	8.3	2	7.4	3	7.7
CSR communication and reporting			2	7.4	2	5.1
Sustainability innovation/ Sustainable development			2	7.4	2	5.1
CSR and financial performance			2	7.4	2	5.1
Challenges for the practices of CSR			1	3.7	1	2.6
Consumer responses to discontinuation of CSR			1	3.7	1	2.6
CSR decision-making process			1	3.7	1	2.6
Stakeholder's roles/ initiatives in promoting rural tourism			1	3.7	1	2.6
Sustainable behaviour and competitiveness			1	3.7	1	2.6
Total	12	100	27		39	100

5 Conclusions

As a content analysis paper, this research has contributed new insights and direction for CSR research. This research has identified a burgeoning area of research related to CSR. The content analysis of this research confirms that in comparison to the mainstream research, CSR in hotel industry remains an under-researched area. A total of 33 journal publications were identified across the entire period that CSR research in hotel industry has been undertaken since its inception in 2006. Given the increased recognition of hotel industry's role in realising sustainability goals, the number of CSR research in the hotel industry is still low compared to the research

Table 4 The Relationship between CSR Topics of Interest and Choice of Research Method

Topics of CSR Research	Quantitative		Qualitative		Mixed	
	Frequency	%	Frequency	%	Frequency	%
CSR practices	4	30.8	6	27.8	1	25
Impact and importance of CSR			4	18.1	1	25
Consumer perception of CSR	4	30.8	1	4.5		
Green (environmental) practices			4	18.1		
Hotel managers' perception of CSR	2	15.3	1	4.5		
CSR communication and reporting	1	7.7	1	4.5		
Sustainability innovation/ Sustainable development	1	7.7	1	4.5		
CSR and financial performance	1	7.7	1	4.5		
Challenges for the practices of CSR			1	4.5		
Consumer responses to discontinuation of CSR			1	4.5		
CSR decision-making process					1	25
Stakeholders' role/ initiatives in promoting rural tourism					1	25
Sustainable behaviour and competitiveness			1	4.5		
Total	13	100	22	100	4	100

undertaken in the conventional 'high-pollution' causing' sectors such as mining and chemical industries. Although, a significant growth of CSR in hotel industry research was observed over the last five years, which has contributed mainly by the publications in tourism and hospitality journals. The absence of CSR research in mainstream CSR journals reflects an underestimation of hotel industries among CSR researches. As the hotel industry is being increasingly recognised as an important sector for contributing to sustainable development, researchers should consider publishing in the mainstream CSR journals. This strategy can be highly effective in sharing CSR knowledge relating to hotel industry with a wider group of readers and stakeholders, which will, in turn, contribute to advance the overall field of CSR and sustainability.

Despite the relatively limited number of journal publications, the analysis of this research captured the trend and evolution of CSR research in hotel industry and provided direction for future research. Although the major focus of CSR research remains in the area of CSR practices, increased research interest towards environmental responsibility/green practices, CSR reporting and CSR- financial performance relationship is on the rise. Moreover, as a relatively new area of research in hotel industry, majority of the CSR research in this area is qualitative research focusing on understanding the practices, importance and impact of CSR in hotel industry. The small number of quantitative research is focused on examining the perception of hotel managers and consumer. More quantitative research based on the findings of existing qualitative research would be valuable to scholarship. This may include issues such as challenges for CSR implementation, CSR decision-making, role of stakeholders in promoting local tourism, and sustainability practices-business competitiveness nexus where no quantitative research is conducted yet.

This research only analysed those CSR articles that are available online, and met the other selection criteria, mentioned in the research method section of this paper. There might be other sources (such as book chapters, conference paper and thesis) of publication exists but those are outside the scope of this study. Thus in the future, a broader content analysis including other sources of publication would provide a comprehensive understanding of this significant area.

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Part III
Empirical Studies

Business Excellence Models and the Plight of Contract Workers

Prabir Kumar Bandyopadhyay and Denis Leonard

Abstract Collective bargaining protects workers from abuse of economic power and contributes to economic performance and to social progress. The role of trade unions in collective bargaining is a pivotal tool to improve working conditions and solve labour disputes as well as to achieve social justice, decent work, economic development and stability in societies. Collective bargaining help achieve a wage-led recovery strategy that ensures a sustainable consumption pattern and reverses the growth of inequality. Realising the importance of freedom of association and collective bargaining in achieving economic and sustainability of organisation and society United Nations has launched a voluntary initiative on 26 July 2000, United Nations Global Compact, based on CEO commitments to implement universal sustainability principles to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation. These Principles are derived from: the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. The global trend suggests that large organisations are engaging contract workers even for perineal jobs. Despite the efforts of ILO and UN it is also evident that rights of the contract workers are grossly violated by the formal organised sector both private and public. Even those organisations that are participating in Business Excellence award and in some cases award/prize winners are not different. This paper examines the provisions kept in the EFQM Model of Business Excellence to alleviate the plight of contract workers. Evidence suggests that neither the organisations nor the assessor community are sensitive enough to this issue. It is argued that as Business Excellence models aim to satisfy the needs and expectations of all stakeholders, the rights of the contract workers must also be considered while designing the

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processes and during the assessment process. It is argued that in promoting the cause of the contract workers the Business Excellence models must address such issues not covertly but rather directly by incorporating the obligations of meeting the ILO standards and UN Global Compact principles within the standards. This is also required for maintaining the credibility of the model.

Keywords CSR · Business Excellence Model · EFQM · CII-EXIM bank ILO · UN Global Compact · Contract workers

1 Introduction

The objective of this paper is to examine adequacy of the provisions kept in the EFQM Model to alleviate the plight of huge number of contract workers in large Organizations including some of the Award or Prize Winning Organizations and to suggest measures for improvement.

At present there are 100 Business Excellence models (BE Models) being used in 82 countries (Talwar 2011). The Deming prize, MBNQA and EFQM models are considered to be the mother models for most BE Models (Marwa 2008; Talwar 2011). With the exception of the Deming Prize, all models have two sets of factors/ criteria: Enablers and Results. It is the enablers that drive an organisation towards desired results. The weighting of different criteria varies from model to model. Talwar (2011) has presented criteria and their respective weights of 20 publicly available models. Other than the Deming Award, all the models cover the following nine criteria either at the Criteria level or in the sub criteria level: Leadership, strategic planning, people, supplier/partner, customer, knowledge and information management, processes, society and business results.

For award assessment purposes, the majority of these models require the submission of a self-assessment report ranging from 50 to 75 pages to the award/model custodian which is assessed off site by trained assessors followed by on-site assessment. A feedback report is provided by the assessors, aligned to the criteria with sub and total numerical scores, and identifying strengths and opportunities. Others use a Questionnaire format, for example the Singapore Award follows a Questionnaire format which is first assessed by the Assessors and those who get above 400 become eligible for site visit and scores are validated in the site visit assessment (Mann 2007). The objective of all these models is to ensure sustainable balanced results for all stakeholders (Lee 2001).

Scoring is done by following a rubric given band width corresponding to defined maturity level of approach and deployment of enabling criteria and also for results criteria.

The India Confederation of Indian Industries (CII) and the Export Import Bank of India (EXIM) have jointly launched CII-EXIM Bank Award for Business Excellence, in 1994, for promoting excellence among Indian Industry. The EFQM Excellence Model has been fully adopted in CII-EXIM Bank Excellence model.

Four levels of recognition are given: Award, Prize, Significant Achievement on the journey towards Excellence and Strong Commitment to Excel on the journey towards Excellence. As per CII, "CII-EXIM Bank Award for Business Excellence is presented to Organizations judged to be 'Role Models'. Prizes are awarded to Organizations that demonstrate Excellence in the management of Quality as their fundamental process for continuous improvement—the leaders in their respective category…" (Industries 2017).

This paper mainly refers to the EFQM Model as the framework to discuss the issue of contract workers' plight, while cases are presented from CII-EXIM Bank Award/Prize winning companies.

The EFQM Business Excellence Model (Criteria) states that 'Excellent Organizations achieve and sustain outstanding levels of performance that meet or exceed the expectations of all their stakeholders' and represent 'Global Role Models'. Therefore, we can expect that those who are adopting the Business Excellence Model and scoring at different levels of recognition must work towards becoming Role Model at the Global level. The EFQM Model has given emphasis on Sustainability, Inclusiveness and Corporate Governance because of the growing importance of issues related to sustainable business and society. Therefore, it is also expected that excellent organisations shall imbibe the essence of the UN Global Compact voluntarily and promote the same among its supply chain. Those working with the model should have the intention to follow the same in a planned manner.

Contractualisation as such is not an issue for the Business Excellence Model. What matters in this context is the deprivation of the rights of the contract workers by the formal organised sector, both private and public, resulting from the violation of one of the core International Labour Standards-Freedom of association and effective recognition of the right to collective bargaining, which are also part of UN Global Compact Principles, listed below. These Principles are derived from the Universal Declaration of Human Rights, the International Labour Organization's Declaration on Fundamental Principles and Rights at Work, the Rio Declaration on Environment and Development, and the United Nations Convention Against Corruption. The ten principles are presented below (ILO 2017).

1.1 *Ten Principles of UN Global Compact*

1.1.1 Human Rights

Businesses should:

- Principle 1: Businesses should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: make sure that they are not complicit in human rights abuses.

1.1.2 Labour

- Principle 3: Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;
- Principle 4: the elimination of all forms of forced and compulsory labour;
- Principle 5: the effective abolition of child labour; and
- Principle 6: the elimination of discrimination in respect of employment and occupation.

1.1.3 Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: undertake initiatives to promote greater environmental responsibility; and
- Principle 9: encourage the development and diffusion of environmentally friendly technologies.

1.1.4 Anti-corruption

- Principle 10: Businesses should work against corruption in all its forms, including extortion and bribery.

The United Nations Global Compact is a voluntary initiative based on CEO commitments to implement universal sustainability principles to encourage businesses worldwide to adopt sustainable and socially responsible policies, and to report on their implementation, founded on 26 July 2000. It expects that the companies shall incorporate the Global Compact principles into strategies, policies and procedures, and establish a culture of integrity.

It will be appropriate to have a look into the eight Fundamental ILO conventions:

ILO Convention 87 on Freedom of Association and Protection of the Right to Organize.

ILO Convention 98 on the Right to Organize and Collective Bargaining.

ILO Convention 29 on Forced Labor.

ILO Convention 105 on the Abolition of Forced Labor.

ILO Convention 138 on Minimum Age (of Employment).

ILO Convention 182 on the Worst Forms of Child Labor.

ILO Convention 100 on Equal Remuneration.

ILO Convention 111 on Discrimination (Employment and Occupation).

Of all these 8 conventions India has not ratified Convention 87 and 98, the Government of India has decided to ratify the International Labour Organisation (ILO) Convention 182 on the worst forms of child labour and Convention 138 on Minimum Age of Employment (Parliament 2017).

The right to association and collective bargaining is restricted within the framework of the Trade Union Act 1926 and the Industrial Disputes Act 1947. As this paper will show these regulations are weak in implementation.

2 The Economic and Sustainability Argument of Freedom of Association and Collective Bargaining

Research carried out by ILO shows that 'enterprises and societies can grow and thrive with and through mature industrial relations. The successful practice of many companies shows the value of social dialogue and collective bargaining' (Gernigon 2009). Collective bargaining protects workers from abuse of economic power and contributes to economic performance and to social progress. The role of trade unions in collective bargaining is a pivotal tool to improve working conditions and solve labour disputes as well as to achieve social justice, decent work, economic development and stability in societies. Collective bargaining helps achieve a wage-led recovery strategy that ensures a sustainable consumption pattern and reverses the growth of inequality. ILO consider, 'Collective bargaining is not only about wages and working conditions; it is fundamentally about respect and dignity at the workplace and in societies generally' (ibid).

It should be mentioned that of the eight fundamental conventions C. 87 and 98 remain the least Ratified. The following five countries, members of G20, have not ratified C 87 (Freedom of Association and Protection of the Right to Organise) and C 98 (Right to Organise and Collective Bargaining Convention 1949):

China
India
United States of America
Korea
Saudi Arabia.

3 Contract Workers—India

Contract labour generally refers to 'workers employed by or through an intermediary on work of any establishment'. 'Contractualisation of work has become a pervasive feature of both public and private sectors in all three major sectors, and is particularly marked in mining, manufacturing industry and some services' (Chandrasekhar and Ghosh 2014).

In 2013 The Associated Chambers of Commerce and Industry of India (ASSOCHAM) conducted a survey entitled, 'steep rise of permanently temporary workers—India's workforce goes casual', which reported that 'telecom sector scoring the worst with up to 60% of its staff on contract, followed by automobiles (56%) and other sectors such as education (54%), manufacturing (52%), FMCG (51%), IT, BPO (42%), hospitality & travel (35%), pharma and health care (32%). Contract labour is increasingly being used in smaller and larger Indian companies as well as multinationals' (Aditi 2014). Though the Contract Labor (Regulation and Abolition) Act, 1970 prohibits the utilisation of contract workers in perennial work, there are ample examples of using contract workers in regular work. The cost reduction is one of the main objectives and the reduction of cost is achieved through exploitation of contract workers. In some cases, the percentage of contract workers may go as high as 80% (Kumar 2015).

The low penetration of Trade Unions among contract workers deprives them of the collective bargaining process. The accountability to pay compensation and other benefits in the result of accidents to contract workers while doing regular work under the supervision of principal employer are with the contractor who is paying the wages too (ibid).

The key findings, of a study of working conditions by the contract workers in Petroleum Refineries and Oil fields in 2009–2011 conducted by Labour Bureau Ministry of Labour & Employment Government of India, Chandigarh are given below (Bureau 2009–2011):

(1) The proportion of contract workers to the total employment at all-India level was 18,165 (76.94%) in Oil Fields and 73,499 (80.12%) in Petroleum Refineries. It can be summarised that proportion of direct workers was less than contract workers.
(2) Contractors made less payment to contract workers by various means though on paper they comply with the Minimum Wage Act, which is much less than the wages of the permanent workers, except in some cases where the workers were organised and had strong bargaining power.
(3) Both direct workers and the contract workers were found to be employed on similar jobs in the same unit in most of the establishments. Direct workers were getting significantly higher wages and other welfare benefits as compared to the contract workers.

It may be mentioned that as per The Contract Labour (Regulation and Abolition) Act, 1970 further provides that the rates of wages payable to contract workers should not be less than the rates prescribed under the Minimum Wages Act, 1948 for such employment and in cases the workmen employed by the contractor performed the same or similar kind of work as the workmen directly employed by the principal employer of the establishment, the wage rates, holidays, hours of work and other conditions of work of the workmen of the contractor shall be the same as applicable to the workmen directly employed by the principal employer of establishment on the same or similar kind of work.

The situation in the Electronics manufacturing sectors is no better. A MNC in electronics manufacturing is using apprentice workers. The ITI apprentices constitute about 50% of the workforce (Pratap 2013). There is a significant difference in wages of regular workers and apprenticeship. Other similar industries are engaging 22 to 60% of their workforce as contract workers. The working conditions are also bad. At the same time the firm takes up several Corporate Social Responsibility (CSR) initiatives to promote brand image. Such a firm if it goes for assessment for Business Excellence will probably get a good score under Society Results ironically, as treating internal people is also a part of societal responsibility as mentioned in EFQM document. The old saying: charity begins at home must be kept in mind while assessing a firm.

4 What Is Happening in Prize/Award Winning Companies

Let us a take a look at couple of cases from the CII- EXIM Bank award/prize winning companies:

Parry (2013) has described lucidly the plight of the contract workers in an Indian Steel Plant. The number of Contract workers is quite high, arguably varies from 19 to 40%, and they get much lower wages than the permanent workers but doing the jobs which were done earlier by permanent employees. This has happened as management of the plant gradually shifted the 'grimiest and most grueling tasks—manual labour' to the contract workers from the permanent workers circumventing the law. Here the contract workers are bonded by payment of arrears violating ILO convention 29 & 105 which India ratified in 1954 and in 2000 respectively. The issue is so grave that Parry commented: 'It is difficult to avoid the conclusion that their rather generous wages and benefits, their rather relaxed work regime and the company's impressive profits are sustained only by cheap contract labour.' The plant won CII-EXIM Bank Prize in 2015.

The Indian automobile manufacturing sector is another example of using large number of contract workers, approximately 70% of workers are on contract, work on a very low level of wages compared to the permanent workers doing the same work. Large multinational companies have frequent incidences of strikes and labour unrest (Kumar 2016). There are several incidences of industrial dispute with wage issues, outsourcing, contract workers in different plants of Bosch India, CII-EXIM Bank Award Winner of 2009 and 2013.

Much acclaimed organisation, Tata Steel is not completely free from the problems mentioned above. The company has signed UN Global Compact and its report —Communication on progress, November 2016' does mention compliance with the principles including principles related to Labour but it seems the report covers the steps taken towards permanent workers. Dealing with contract workers are absent in the report except for the mention of engaging contractors who follow Principle 2, ‘Make sure they are not complicit in human rights abuses, of UN Global compact’. But the ground reality is different (International 2016). Tata Steel employs 16 thousand regular workers and 30 thousand contract workers engaging in perennial and non-perennial types of work. There are instances where semi-skilled workers doing skilled work such as welding, rigging, but get only the minimum wage, that is Rs. 203, which is much less than the wage of permanent workers doing the same type of job. No trade union looks involved among contract workers. Contract workers not able to continue any organised movement and their frustration came out in some sporadic violence. The company has not recognised any union for contract workers (Kumar 2015). Tata Iron & Steel Co. Limited won the CII- EXIM Bank award in 2000. It seems company is working around the law though not violating the law. It is expected that Excellent organisation, Global Role Model, will act towards improving workplace practices beyond legal compliance.

India has not ratified the ILO convention on Freedom of Association and Protection of the Right to Organize 1948 (C. 87) and the Right to Organize and Collective Bargaining Convention, 1949 (C. 98). The right to association and collective bargaining is restricted within the framework of the Trade Union Act 1926 and the Industrial Disputes Act 1947. But excellent organisations should take these basic international standards as their social obligation and this can happen only when excellence models like EFQM makes explicit reference to these standards which will sensitise the Organizations and the assessors to these fundamental rights of the worker. This will not solve the problem but hopefully will be a good beginning.

5 Situations Have Not Changed but a Beginning Has Set in

After the violent incidence on 18 July 2012, in Maruti’s Manesar plant, Maruti, terminated pacts with labour contractors at the Manesar plant and hires workers directly. Instead of contract workers they recruit temporary workers who get salaries of entry level permanent worker which is around Rs. 37,800 per month (Layak 2013).

CII has taken up a pilot project with the objective to provide recommendations to Government and industry to change the lot of the contract workers. The supporting companies are Tata Steel, Mahindra & Mahindra Group, Hindustan Unilever, Larsen & Toubro, Godrej & Boyce and Thermax. It is still in working stage (ibid.).

6 Some Examples from Other Parts of World

In her paper, The case for Ensuring Supplier Social Responsibility (Stepniowski 2016) Stepniowski has given examples of labour abuse in several countries some of which are presented below:

The Kathie Lee Gifford clothing line sold at Wal-Mart was being made by 13- and 14-year-olds working 20 h days in factories in Honduras. In 2006, a factory fire in Bangladesh caused injuring and killing hundreds of workers producing textiles for top-name global companies. Employees were at the factory 74–90 hour per week and paid 10–14 cents per hour. In 2010, 18 employees attempted suicide at Foxconn in China. This resulted in Apple joining the Fair Labor Association and subsequently Apple started conducting hundreds on-site audits in an attempt to assess and improve worker conditions. The same manufacturer was also supplying to Microsoft, Samsung, Dell, Nokia, Sony, and others. In 2013, more than 1,100 workers died in a garment factory collapse in Bangladesh. A detailed investigative report found multiple building-code violations and identified five factory owners guilty of urging workers to return (ibid).

7 What Is There in Business Excellence Model/EFQM Model to Assess Company's Intention Towards Meeting Global Standards—Human Right

Business Excellence models like, EFQM and MBNQA have given a focus on Corporate Social Responsibility for many years now. The CSR agenda includes issues related to workplace, employees, customers, suppliers, community, ethics, human rights, corporate sustainability (Leonard and McAdam 2003). Vision and mission set by the leaders of a company should focus not only to financial gain but also to its employees, local communities and society as a whole (ibid). Baldrige core values included social responsibility and it was covered in clause 1.2, 'social responsibility' and under clause 7.6,' governance and social responsibility' (Leonard and McAdam 2003).

In its Fundamental Concepts of Business Excellence, EFQM (2013b), it has covered the people aspect in three items: Succeeding through the Talent of People; Creating a Sustainable Future and Sustaining Outstanding Results.

In 'Succeeding through the Talent of People', the model suggests that 'Excellent Organizations value their people and create a culture of empowerment for the achievement of both organisational and personal goals' and in 'Creating a Sustainable Future', it suggests that 'Excellent Organizations have a positive impact on the world around them by enhancing their performance whilst simultaneously advancing the economic, environmental and social conditions within the communities they touch'. "Creating a Sustainable Future" is mapped with criteria 1a, 1c, 1e, 2c, 4b, 4c and 5b and the corresponding results will be assessed in criteria 8.

'Succeeding through the Talent of People' is mapped with 3b, 3c, 3d and 3e. The corresponding results are assessed in criterion 7 (EFQM 2013b).

By looking at these criteria we may realise that the issue of the contract workers, the focus of the paper, may be examined by assessing the criteria: 1a, 2a & 4a (both not mapped against the concept 'Creating Sustainable Future'), 3a and 3e, 7 and 8.

In 1a we may expect that the organisation's top management recognise the issues of Human Rights in general and more specifically rights of the contract workers under values and ethics, in 2a we may expect the organisation has considered contract workers as a stakeholder and considered their expectations while formulating strategy. In 4a, we may expect that the Organisations are not only upholding the Human Rights issues in their own organisation but insure that the same is followed by the whole of its supply chain.

Under the result criteria, in Criteria, 7a and 7b under People results, the organisation should capture perception of people through various methods to measure how People feel about themselves, their job and about the organisation. It should also measure how well People are performing. The issues related to Contract workers may be assessed if results specific to Contract workers are presented, anecdotal evidence suggests this is hardly the case, in many circumstances this is not on the radar of the assessors.

Criterion 8, Society Results, needs more discussion. To address the 'Society Results-Excellent Organizations design and manage processes and systems that enable them to understand, monitor and assess their engagement with Society Stakeholders. Collecting and analyzing Society Results is a crucial part of the way they operate' (EFQM EFQM 2013c, d). Anecdotal evidence suggests that the Organizations present the Corporate Social Responsibility (CSR) initiatives which they include in 2a while formulating the strategy by considering the needs and expectations of external stakeholders. Limited experience from carrying out assessment for Business Excellence Award suggests that applicant companies largely understand CSR primarily as a set of programmes regarding the community/ society. This is also supported by literature (Patrus et al. 2013).

It should also be mentioned that the ministry of corporate affairs (MCA), Government of India, has notified Section 135 and Schedule VII of the Companies Act, 2013, which relate to corporate social responsibility (CSR) effective from April 1, 2015 as part of the new Companies Act. The norms will apply to companies with at least INR 5 crore net profit or INR 1,000 crore turnover or INR500 crore net worth.

These companies will have to spend 2% of their 3-year average annual net profit on CSR activities in each financial year, starting from FY15. Schedule VII mentioned the activities those can be considered as CSR activities, where the stakeholders are external parties of different categories.

8 Workers as a Stakeholder of CSR

In EFQM, 2013 CSR was included as a Fundamental Principle: Creating a sustainable future: 'Excellent Organizations have a positive impact on the world around them by enhancing their performance whilst simultaneously advancing the economic, environmental and social conditions within the communities they touch.'

As per EFQM stakeholders have the influence or interest in the performance of the organisation (EFQM 2013a). Therefore, an organisation's people are a stakeholder as they influence the performance of the organisation where they work at the same time they have the interest as their future both economic and social depends on the success of the organisation. The model considers People as a differentiating resource for an organisation. Therefore, motivation and satisfaction of people are an important factor for the success of the organisation. Definition of society in EFQM is quite broad in nature. Employees when they are out of the factory premises become a part of the organisation's society. The model points out a much broader aspect: 'There is an 'Internal Society' too, which is inside the organisation, between different employees' (EFQM 2013c, d). The definition also includes the flora and fauna surrounding an organisation's place of work. EFQM appreciates that some Organizations have gone much further than financial performance, employee and customer satisfaction, 'they have extended their definition of Excellence to an examination of the extent to which they conduct their business ethically and coexist in harmony with different groups in Society'. Legal Responsibilities are getting more and more importance, so the Organisations need to obey the law.

The Global Compact Agenda of United Nations has made CSR more inclusive by charting 10 principles as mentioned earlier. Strategic advisory group on CSR of The International Organization for Standardization, known as ISO, describes it as 'a balanced approach for organisations to address economic, social and environmental issues in a way that aims to benefit people, communities and society' (Leonard and McAdam 2003). Joan Marques stressed that labour practices in CSR is not only restricted to in-company practices, it shall be extended to the subcontractor level (Marques 2016). ISO 26000: 2010-Guidance on social responsibility, which is prepared by consulting all the global social responsibility guidelines declares that in the wake of increasing globalization, environmentally harmful production, child labour, dangerous working environments and other inhumane conditions are examples of issues being brought into the open. And 'All companies and organisations aiming at long-term profitability and credibility are starting to realize that they must act in accordance with the norms of right and wrong' (Stepniowski 2016).

Therefore, a more responsible assessment is required while assessing companies for business excellence to insure organisations take conscious examination of internal processes, as well as those of entities to which the company outsources production, to ensure that people are not deprived of the fundamental human rights.

9 Conclusion

We feel the EFQM Model can address any issues related to Human Rights, but the cases of Human Right violations even by award/prize winning organisations as mentioned earlier suggests that there is a gap among organisations to understand the requirement of the model and also the assessing community needs to be more aware of these issues so that they can play a constructive role in upholding the rights of the deprived sections of our society within the Organizations they work.

We also feel, considering the gravity of the situation that the EFQM may consider specifically including, as appropriate, the core International Labour Standards of ILO and the principles of UN Global Compact and standards like ISO 26000 within the model. This is also necessary for maintain the future credibility of the model.

Scope of future research An in depth empirical study may be undertaken to understand the perception of the Business Excellence Model assessors and the practicing organisations on the role of CSR in BE Models and what steps may be taken to make the models more explicit in addressing the human rights issues of the people working within the organisation.

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Discovering New Traits of the European Buycotter

Matilde Schwalb-Helguero and Iñaki García-Arrizabalaga

Abstract Buycotting is one of the most common expression of political consumption, a kind of non-conventional political participation that is increasingly replacing more traditional forms of political activism. However, despite the growing importance and interest in buycotting, mainly in Europe, little is still known about the European buycotter profile. Most studies on the European buycotter show inconclusive results. Buycotters are consumers that, over the past year, have considered rewarding a socially responsible company by either buying their products or speaking positively about the company to others. GlobeScan allowed us to use data from representative samples of France (n = 502), Germany (n = 500), Spain (n = 400) and United Kingdom (n = 501). With these secondary data, an ordered logistic regression was performed to determine which variables were significant to explain buycotting behavior. Regarding socio demographic variables, no significant differences were found in gender. Age reveals a significant inverse relation to buycotting in the United Kingdom. In Spain and the UK significant differences are also found in education: the higher the education, the higher the probability of being a buycotter. Environmental concern is the variable that most contribute to explain the European buycotter profile in all countries studied but Spain. This research is important for the new studies that are carried out in other countries, mainly in Latin America. It is also relevant for companies, because having a clear image of those who buycott their products, marketers can develop different strategies to address them.

Keywords Political consumerism · Political consumption · Buycott
Environmental concern

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1 Introduction

The role of consumer in influencing the way businesses act is gaining increasing attention. In a new era of information accessibility, consumers have an opportunity to make deliberate choices in a marketplace, basing their purchasing decisions according to their values and beliefs. Consumers act as political consumers when they use their purchasing power to change institutional or market practices that collide with their own values and principles. When consumers "vote with their dollars" to influence society and the environment, they "act as political consumers [...] to make their voice heard and [...] to act as citizens" (Austgulen 2016: 444). Particularly in Western democracies, political consumption or political consumerism (PC) is regarded as a new and increasingly important form for citizens to express political engagement (Boström et al. 2005; Dalton 2008; Neilson 2010; Newman and Bartels 2011; Austgulen 2016).

The sustainability-related issues are also gaining momentum. Scholars and policy makers are giving more attention to the concept of sustainable consumption and it is becoming an important issue for legislators. As posited by Austgulen (2016: 443) in a study about environmentally sustainable textile and clothing industry, the challenges this sector is facing "serve as a good example of an area where the regulatory role of businesses and consumers has become especially important".

Political consumerism (PC) is an "umbrella" concept that shelters two different expressions: boycotting and buycotting. Boycotting is a free consumer choice to avoid specific products, while buycotting means to deliberately seek or promote specific products. Boycott is conflict and punishment oriented while buycotting is cooperative, reward oriented (Copeland 2014). The motivation for these consumer choices is social, political or ecological. Even though all these motives play a role, ethical or green products play an increasingly important role in the people's purchasing behavior (Quintelier 2014).

Ethical consumerism—the consumers concern about the impact of their purchasing decisions on humans, animals and the environment (Bonini and Oppenheim 2008; The Co-operative Group 2012)—is an expression of PC that has increased considerably in the last decade (Burcke et al. 2014). Based on the 2013 Nielsen pool applied to 58 countries, more than half of the consumers polled declared they were prompt to pay more for products made by socially responsible companies (Burcke et al. 2014). According to these authors, although ethical products are still a small proportion of total sales, ethical spending has significantly increased in the last decade in some European countries as in the UK, where this segment represents a market value of £47.2 billion (The Co-operative Group 2012).

Environmental problems are an increasingly accepted norm shared by a significant proportion of society (Grünbaum and Stenger 2015). However, according to these authors, results of the studies that have intended to characterize the environmentally conscious consumer have not succeeded in discovering which variables are the best suited to describe him. Moreover, the same authors contend that the environmentally consumer behavior cannot be explained by fixed segmentation criteria but by a complex mix of traditional and political values.

Therefore, there is a need for research on discovering the factors that explain the European buycotter behavior. The objective of this paper is to find out what other variables, in addition to the socio-demographics, contribute to explain the behavior of the European buycotter. To fill this gap, we will use the data provided by GlobeScan Radar 2015 for France, Germany, Spain and the United Kingdom. The study includes some traditional demographic variables (gender, age and level of education) and the environmental concern trait, measured with five items on a five-point Likert scale.

2 Political Consumerism and Buycott

The concept of political consumerism (PC) was first introduced in Denmark by the Copenhagen Institute for Future Studies and then it was broadly accepted by economists, marketers and politicians (Micheletti 2003). In the last years, PC has gained increasing attention.

PC is an unconventional form of political activism that is replacing other forms of more traditional political participation. According to Shaleeva (2015), the most common definition of PC refers to the consumer decision to deliberately reject or chose specific products or services based on social, political, ethical or environmental considerations (Stolle et al. 2005; Copeland 2014).

Stolle et al. (2005) and Shaleeva (2015) argue that for the consumerism to be political three conditions have to be fulfilled

- Behavior: for a citizen to be considered a political consumer, he/she must actually make consumer decisions; in this case, the decision to buycott or boycott certain products on the market;
- Awareness and motivation: behind the purchases there have to be social, political, environmental or ethical incentives. The choice of particular products over other options must reflect personal beliefs, views, or moral positions. Differentiation of consumer motivation plays a very important role. For example, if a consumer buys a fair trade coffee only because it tastes good, it does not imply he/she is a political consumer;
- Frequency and habit: to incite any political consumerism movement it is not enough just one act or occurrence; the consumer has to execute repeated buycotting or boycotting actions.

The goal of PC is to bring about changes in the marketplace regarding practices that are objectionable according to the consumer's values. PC is a new way for people to express their environmental concerns such as climate change (Copeland 2014), a strategy used by individuals and organizations to promote social movements as the reduction of environmental impacts (Carfagna et al. 2014).

The motivation for PC activism is social, political or ecological, but ethical or green products are playing an increasingly important role in the consumer's purchasing behavior (Quintelier 2014).

Boycotting and buycotting are two popular expressions of PC. Boycott expresses disapproval and involves the deliberate abstention from purchasing certain products for ethical, social, environmental or political reasons (Newman and Bartels 2011; Neilson 2010; Quintelier 2014). Buycotting, on the other hand, is more associated with "engaged citizenship norms" (Copeland 2014: 172), and is an act of intentional purchasing motivated by specific social, ethical, political or environmental reasons (Micheletti et al. 2004; Newman and Bartels 2011; Neilson 2010; Stolle et al. 2005). Both "boycotting and buycotting allow underrepresented groups such as women and young people to have their views heard in the political marketplace" (Wicks et al. 2014: 217), but they have different motivations: boycotting means "questioning the ethical credibility of companies", while buycotting means "searching for ethical alternatives" (Quintelier 2014: 345). Thus, buycott is the highest expression of the so-called "consumption as voting" (Shaw et al. 2006), when money is referred to be a vote which people can use when they make any of their buying decisions. In this sense, "the most effective way to be political today is not to cast your vote at the ballot box but to do so at the supermarket" (Hertz 2001: 190). Political consumerism wants consumers to be challenged and vote: "buying cheap clothes which have been made in sweatshops is a vote for worker exploitation. Buying a gas guzzling 4X4, especially if you are a city dweller, is a vote for climate change. Factory farmed animals, meanwhile, may make cheap meat but it comes at a price on the quality of life of the animal" (Ethical Consumer Research Association 2009: 3). When a citizen takes this ethical consideration into account while shopping, he can make his own contribution to the development of a more ethical society. Thus, supporting organic products is a vote for environmental stability, and fair trade is a vote for human rights (Shaleeva 2015).

Even though buycotting is a more widely expression of PC than boycotting, there is much less research on buycotting than boycotting (Grünbaum and Stenger 2015). Moreover, according to Echegaray (2016), the classical definition of PC overstates the boycott expressions and understates the buycott responses. Additionally, the studies on buycotting are mainly about the European experience and more specifically about the Scadinavian countries (Grünbaum and Stenger 2015). While the concentration of research on political consumerism in Europe is undeniable, in Latin America PC research is scarce. However, there is an increasing interest in Latin America to learn more about this phenomenon, and some studies are currently appearing that address the reality of the political consumerism in Latin America (Echegaray 2015, 2016; Kotzur et al. 2017; Portilho 2010; Goerg et al. 2014; Dalcin et al. 2014; Schwalb and García-Arrizabalaga 2015, 2016; Barbosa et al. 2013). Nevertheless, the results of these studies are inconclusive and do not allow a clear conclusion regarding the buycotter profile in Latin America. In this global context, Hoffmann and Müller (2009) assert that the factors which stimulate individuals to buycott still remain largely undiscovered.

Most of the studies about PC try to characterize the political consumer in terms of socio demographic variables: gender, age, income and education (Quintelier 2014; Copeland 2014; Echegaray 2015, 2016; Kotzur et al. 2017). According to a segmentation study, PC becomes “the result of certain socio-economic factors, rather than individual, context related factors, which play a role in everyday life” (Grünbaum and Stenger 2015: 290). On the other hand, there is much less research on political consumption focused on nontraditional variables more related to political, social and environmental values as appreciation, tolerance and protection of the welfare of people and nature (Kotzur et al. 2017). According to Grünbaum and Stenger (2015: 290), “there seems to be a lack of consensus surrounding what characterizes environmentally friendly and environmentally conscious consumers”.

Recently, new studies are emerging that address nontraditional variables like environmental concern, and most of them are European: Hutter and Hoffmann (2013), Copeland (2014), Quintelier (2014), Grünbaum and Stenger (2015), Chipulu et al. (2016), and Kotzur et al. (2017). However, the results in terms of the buycotter consumer profile are not conclusive.

Following are the main conclusions that arise from the literature review regarding the influence of demographics and environmental variables on buycotter behavior.

2.1 Gender

Most of the studies addressing the buycotter profile suggest that women are more likely than men to participate in some kind of PC (Stolle et al. 2010; Neilson and Paxton 2010; Neilson 2010; Stolle and Hooghe 2011; Ferrer and Fraile 2013; Copeland 2014; Quintelier 2014). Young women are more likely to boycott than their male counterparts (Quintelier 2014), and German women residing in rural areas reported significantly higher mean buycotting compared with males living in these areas (Kotzur et al. 2017). Neilson (2010) reports that women tend to buycott more than boycott, and they are more likely to participate in “dualcotting” (boycotting and buycotting) than men do, but there are not significant differences among boycotters and buycotters (Copeland 2014).

However, other studies contradict these results: Gallego (2008), Shaleeva (2015), Austgulen (2016), and Kotzur et al. (2017) in Europe; Echegaray (2016), and Schwalb and García-Arrizabalaga (2016) in Latin America. These authors found no significant differences between men and women regarding the probability to behave as political consumers. According to Gallego (2008), gender has only limited direct effect today on political activism because “the political disadvantage due to gender and ethnicity in Europe is mainly attributable to the different availability of resources” (Gallego 2008: 21).

2.2 Age

Studies results about the influence of age on political participation are mixed. Some authors contend that PC increases with age and decreases at the end of the life cycle (Gallego 2008; Micheletti et al. 2014). Others argue that is more probable to find PC among young adults (Quintelier 2014; Echegaray 2016) and middle-aged individuals (25–44) than among younger and older citizens (Echegaray 2016). Finally, others posit that no significant differences were found in age groups as to the likelihood of engaging in PC (Copeland 2014). A recent study about the Latin America buycotter found no significant association to buycotting in some countries but direct significant association in others (Schwalb and García-Arrizabalaga 2016).

2.3 Education

Education is the sociodemographic variable that shows the strongest correlation with political activism. The politically motivated activities are explained, mainly, by the level of education (Gallego 2008; Copeland 2014). One explanation is that education is linked to political interests, it raises the level of political information sought by citizens, as well as the awareness of the main issues that affect society (Austgulen 2016). In general, it can be said that higher levels of education increase the probability of engaging in PC (Copeland 2014). Kotzur et al. (2017) found that PC is widely spread among university students in Germany.

However, a recent study on the textile and garment sector in Europe reports that the variable education is only significant in England and France (Austgulen 2016). According to this author, this limited effect of education on political activism may be due to the general restricted knowledge of the consumer about the environmental impacts of consumption of textiles and clothing.

On the other hand, another study in Latin America (Schwalb and García-Arrizabalaga 2016) found that only in some of the analyzed countries, highly educated consumers are more prone to buycott than the less educated. Nevertheless, in other countries, the results do not confirm this relationship. Finally, studies regarding the differences between boycotting and buycotting behavior in terms of education are of mix results. Copeland (2014) found no significant differences between buycotting and boycotting, but Baek (2010) reports that people with less than a high school degree are more likely to buycott than boycott.

In general, it can be said that the higher the education and the income (which are partially correlated), the higher the political activism. Moreover, “social class and occupational variables have almost no independent effect” (Gallego 2008: 18).

2.4 Environmental Concern

Concern for the environment is no longer a marginal worry of the population but rather a norm increasingly accepted and shared by a growing proportion of society (Grünbaum and Stenger 2015). Recent studies show that consumers are increasingly considering social and ethical goals when they take purchase decisions. Consumers are looking for responsible companies with the intention to exercise their purchasing power politically, even though they do not link all their buying decisions with this political power (Grünbaum and Stenger 2015).

The main political motivation of the PC seems to be more related to environmental issues and the lifeworld (family life, culture and informal social interaction) than the conventional political engagement (Baek 2010). Literature reports that the predominant forms of buycotting are decisions that favor organic products, those associated with eco-labeled, certified and fair trade (Echegaray 2016). However, there is no consensus about the characteristics of environmentally conscious consumer (Grünbaum and Stenger 2015). It seems that the consumer environmental behavior cannot be explained with fixed segmentation variables. According to a segmentation study, PC would be "the result of certain socio-economic factors, rather than individual, context related factors, which play a role in everyday life" (Grünbaum and Stenger 2015: 290).

In order to understand the motives driving the green consumer behavior, Austgulen (2016) argues that consumers whose behaviors respect the environment-actively seek information or show a low level of consumption—are more likely to behave as political consumers. In the same sense, Thøgersen (2002) based on the postulates of the theory of cognitive dissonance to conclude that ecological consumers tend to seek consistency between their attitudes and behaviors, as well as between their behaviors. Some authors prevent not to assume that, when buycotting organic food, environmental aspect be considered a political motive by itself, "because it can be linked to personal motives" (Grünbaum and Stenger 2015: 285) and, consequently, it can lead to wrong conclusions as to believe that PC is a more prevalent phenomenon than it is really is.

Other authors conclude that while ethical and psychological reasons have a moderate influence on certain types of buycott activism as carrotmobs, social motivations are the strongest motives for this political participation. That would mean, for example, that an individual sensitive to environmental factors would only participate in a carrotmob if he sees that others—a significant number of individuals —will participate in the mobilization (Hutter and Hoffmann 2013).

3 Methodology

This study was based on data for France, Germany, Spain and United Kingdom kindly provided by GlobeScan. Data were originally collected in each country by surveying individuals aged 18 or more, as part of a wide research called *GlobeScan*

Radar 2015. Field research started on late January 2015 and ended on mid-February 2015. Telephone interview was the survey method in the four countries (see Table 1).

The original sample sizes were 1,006, 1,000, 800 and 1,001, respectively. Unfortunately, the relevant question about buycotting was randomly asked to just half of each sample. After analyzing the reasons pro and against weighting the dataset in these four countries (see Kish 1990), we finally decided not to do it. Lastly, we work in each country with the real sample size of the relevant question about buycotting (France 502, Germany 500, Spain 400, and United Kingdom 501).

Buycotting (the dependent variable) was measured with the following question: "Over the past year, have you considered rewarding a socially responsible company by either buying their products or speaking positively about the company to others?" The three ordinal possible responses were "I have not considered doing this", "I have considered this, but didn't actually do it", and "I have actually done this in the past year".

Age (covariable) was measured on years. Gender (factor) was a dichotomic variable. Level of education (factor) was an ordinal variable ("Some/Completed elementary school", "Some/Completed secondary school", "Some of college university", and "Completed university degree or post graduate").

The environmental concern (covariable) was measured with a five-item, five-points Likert scale ("Item 1: Whenever possible, I try to share the use of a product rather than buying a new one for myself because I am trying to reduce my impact on the environment", "Item 2: I regularly purchase locally produced food and other local products", "Item 3: I encourage others to buy from socially and environmentally responsible companies", "Item 4: I am willing to pay more for products produced in a socially and environmentally responsible way", and "Item 5: I believe we need to consume less to preserve the environment for future generations").

Reliability results for this scale are shown in Table 2. Cronbach's alpha value (0.722) meets the standard for studies of this exploratory nature (Hair et al. 2009). The possible elimination of an item does not improve the reliability of the scale, while it would restrict the information provided. Corrected item-total correlations also meet the standard of being greater than 0.40 (Hair et al. 2009).

Table 1 Technical details of the surveys

Information	France	Germany	Spain	United Kingdom
Field dates (in 2015)	February 5–18	Jan. 26–Feb. 9	February 5–13	Jan. 27–Feb. 1
Survey methodology	Telephone interview			
Sample frame	Individuals aged 18 or more			
Type of sample	National			
Sample size (unweighted)	1,006	1,000	800	1,001

Source GlobeScan (2015)

Table 2 Reliability analysis for the "Environmental concern" scale

Cronbach's alpha: 0.722				
Item	Mean if the item deleted	Variance if item deleted	Corrected item-total correlation	Cronbach's alpha if item deleted
Item 1	3.01	13.203	0.455	0.687
Item 2	2.65	14.452	0.434	0.693
Item 3	3.28	11.933	0.573	0.635
Item 4	3.06	13.044	0.501	0.667
Item 5	2.61	14.303	0.449	0.688

Source Own research

Table 3 Principal component analysis for the "environmental concern" scale. Total variance explained

Component	Initial eigenvalue		
	Total	% of variance	Cumulative %
1	2.373	47.464	47.464
2	0.784	15.673	63.137
3	0.712	14.232	77.369
4	0.632	12.641	90.010
5	0.500	9.990	100.000

Source Own research

A principal component analysis (PCA) was performed with these five items to check the dimensionality of the scale (see Table 3). It was found that the first factor explained 47.464% of the variance. As we can see, this first factor of the PCA explains much more variance than the second, and this second not much more than the third. In addition, the first factor of the PCA is the only one that has an eigenvalue greater than one.

As shown in Table 4, factor loadings in this first factor (with no rotation) were greater than in any other factor, with values greater than 0.6. All these findings confirm (Carmines and Zeller 1979) that this "Environmental concern" scale is a reliable and unidimensional scale. Its values would extend from −10 to +10

Table 4 Principal component analysis. Component matrix

Item	Component				
	1	2	3	4	5
1	0.662	0.335	0.610	−0.115	0.252
2	0.638	0.515	−0.403	0.403	0.041
3	0.769	0.062	−0.064	−0.380	−0.505
4	0.712	−0.363	−0.347	−0.285	0.400
5	0.655	−0.520	0.228	0.480	−0.137

Extraction Method: Principal Component Analysis (no rotation)

Source Own research

(after ranking with −2, −1, 0, +1 and +2 the “Strongly disagree”, “Somewhat disagree”, “Neither agree nor disagree”, “Somewhat agree”, and “Strongly agree” answers, respectively).

4 Results

For each of the four countries involved in the study, Table 5 presents the relative frequency distribution of “Buycott” (dependent variable), “Gender” and “Level of Education” (independent factor variables), as well as the main descriptive measures of “Age” and “Environmental Concern” (independent covariables).

Given the ordinal nature of the dependent variable, an ordered logistic regression model was proposed. This model can be thought of as an extension of the logistic regression model that applies to dichotomous dependent variables, allowing for more than two (ordered) response categories.

The link function used in our regression model was not the standard Logit $f(x) = \log(x/(1-x))$, because it assumes evenly distributed categories of the dependent variable. Instead, for Germany, a negative log-log $f(x) = -\log(-\log(x))$

Table 5 Relevant descriptive information from the samples

Variable/Categories	France	Germany	Spain	United Kingdom
Buycott (Dependent variable)				
Not considered	37.8%	71.5%	42.0%	25.7%
Considered, but didn’t actually do it	21.2%	16.2%	14.0%	23.5%
Have actually done this in the past year	41.0%	12.3%	44.0%	50.8%
Gender (Factor)				
Male	48.4%	51.2%	43.5%	52.5%
Female	51.6%	48.8%	56.5%	47.5%
Level of Education (Factor)				
Completed university degree or post graduate	34.8%	13.4%	31.3%	43.7%
Some of college university	4.4%	1.4%	15.9%	12.4%
Some/completed secondary school	51.2%	72.6%	19.7%	42.5%
Some/completed elementary school	9.6%	12.6%	33.1%	1.4%
Age (Covariable)				
Mean	48.5	44.5	51.1	49.5
Standard deviation	19.1	14.8	15.7	17.8
Environmental Concern (Covariable)				
Mean	5.0	−0.2	5.7	4.4
Standard deviation	3.6	3.8	3.6	4.2

Source Own research

was used, as it is recommended when lower categories of the dependent ordinal variable are more probable than higher categories (in Germany the lower category "I have not considered doing this" represented 71.5% of the sample, while the higher category "Have actually done this in the past year" represented only 12.3%). For the other three countries, a complementary log-log $f(x) = \log(-\log(1-x))$ was used, as it is recommended when higher categories of the dependent ordinal variable are more probable than lower categories.

After running the model, Table 6 shows the main results of the applied ordered logistic regression. For each country, the following information (from left to right) is shown:

- Estimate: the ordered log-odds regression coefficients.
- Standard errors of the individual regression coefficients.
- The Wald chi-square test value used to test the null hypothesis that the estimate equals 0.
- Significance: the p-values of the coefficients.

As we can see from Table 6, there is no a unique common pattern across the four countries:

- *Age*. Results about its influence on buycotting are mixed. As found by Copeland (2014), age shows no significant association to buycotting in France ($p = 0.909$), Germany ($p = 0.206$) and Spain ($p = 0.729$). However, the United Kingdom has a significantly negative regression coefficient ($p = 0.070$). This suggests an inverse relation between age and boycotting in this country: the older the consumer, the lower the probability of being a buycotter. This finding is contradictory with the studies of Gallego (2008), and Micheletti et al. (2014), who stated that Political Consumerism increases with age.
- *Environmental concern*. This covariable reveals a significant direct association to buycotting in France ($p = 0.000$), Germany ($p = 0.087$) and the United Kingdom ($p = 0.000$). In these three countries, the higher the environmental concern of the consumer, the higher the probability of being a buycotter. Spain shows no significant association ($p = 0.267$), although its regression coefficient is also positive. The importance of these findings supports the theory of Grünhaum and Stronger (2015) about the growing acceptance of environmental concern by citizens to take purchase decisions. Our findings also support the ones obtained by Austgulen (2016): citizens whose behaviors respect the environment are more likely to behave as political consumers.
- *Gender*. Having the "male" category as reference, in the four countries there are no significant differences between men and women regarding the probability of being a buycotter. However, results are somewhat opposite: while the regression coefficient for women is negative in France, Spain, and the United Kingdom, it is positive in Germany. In Europe, this lack of influence of gender on Political Consumerism is also supported by several authors: Gallego (2008), Shaleeva (2015), Austgulen (2016), and Kotzur et al. (2017). Our findings, then, do not support the theory that, in Europe, buycotting is mainly female oriented (Stolle

Table 6 Results of the ordered logistic regression model

Country	France				Germany				Spain				United Kingdom			
Variable/ Category	Estimate	Standard error	Wald	Significance	Estimate	Standard error	Wald	Significance	Estimate	Standard error	Wald	Significance	Estimate	Standard error	Wald	Significance
Age (covariable)	0.000	0.003	0.013	0.909	0.008	0.006	1.60	0.206	−0.002	0.005	0.120	0.729	**−0.007**	0.004	3.28	0.070
Environmental Concern (Covariable)	**0.091**	0.016	30.25	0.000	**0.040**	0.024	2.92	0.087	0.022	0.019	1.23	0.267	**0.117**	0.015	58.94	0.000
Gender Female	−0.079	0.120	0.434	0.510	0.175	0.177	0.968	0.325	−0.066	0.144	0.212	0.645	−0.030	0.136	0.048	0.827
Education Completed university degree or post graduate	0.125	0.229	0.299	0.585	−0.466	0.334	1.94	0.164	**0.367**	0.190	3.72	0.054	**1.49**	0.453	10.87	0.001
Education Some of college university	−0.127	0.349	0.133	0.715	−0.164	0.751	0.048	0.827	0.020	0.212	0.009	0.925	**1.05**	0.474	4.93	0.026
Education Some/ completed secondary school	−0.216	0.220	0.968	0.325	**−0.479**	0.256	3.50	0.061	−0.072	0.203	0.126	0.722	**0.977**	0.444	4.83	0.028
Reference categories for the factors: Gender (“Male”), Education (“Some/completed elementary school”)																

Source Own research

et al. 2010; Neilson and Paxton 2010; Neilson 2010; Stolle and Hooghe 2011; Ferrer and Fraile 2013; Copeland 2014; Quintelier 2014).

- *Level of education*. Having the "Some/completed elementary school" category as reference, results are somewhat opposite. In Germany, all the regression coefficients are surprisingly negatives. This suggests an inverse relation between level of education and buycotting. And what's more: the regression coefficient is significant for the "Some/completed secondary school" category ($p = 0.061$). In Germany, consumers with the highest level of education have a strong negative regression coefficient. These results do not support the generally accepted theory that education is the main socio demographic predictor of political activism (Gallego 2008; Copeland 2014). In France, there are no significant differences across categories, but consumers with the highest level of education also have the highest probability of being buycotters. In Spain, however, consumers of the two categories with the highest level of education have positive regression coefficients. Further, in the case of the "Completed university degree or post graduate" category, this positive regression coefficient is also significant ($p = 0.054$). A similar finding is reported by Kotzur et al. (2017) in their research with German students. The United Kingdom has significant positive coefficients for all the categories, evidencing clearly that in this country the higher the level of education of the consumer, the higher the probability of being a buycotter. In general, results for France (weakly), Spain (moderately) and the United Kingdom (strongly) support the idea that buycotting activities can be partially explained by the level of education.

5 Conclusions

Consumption is one of the main features of modern society. Decisions on "what to buy" or "not to buy" are what really define people as consumers, even more so than their ideology, hobbies, or tastes. It is in this context that we must understand Political Consumerism. As far as consumers cannot avoid buying products, they can implement their influence by consuming some special items and ignoring others to achieve their moral, social or political goals (Schudson 2007). Citizens act as political consumers when they use their purchasing power to change market practices that collide with their own values, beliefs and principles (Austgulen 2016), This kind of non-conventional political participation has two main ways of expression: boycott and buycott. Boycott is conflict and punishment oriented, while buycotting is cooperative, reward oriented (Copeland 2014).

Even though buycotting is a more widely expression of political consumerism than boycotting, and despite the growing importance and interest in buycotting in Europe, there is much less research on buycotting than boycotting (Grünbaum and Stenger 2015), and little is still known about the European buycotter profile. Most research on the European buycotter shows inconclusive results.

The present study has the goal of analyzing the European buycotter profile. In addition to measuring the influence of several classic socio demographic variables (age, gender and education), it seeks to determine the importance of the environmental concern of the consumers on their buycotting behavior.

GlobeScan allowed us to use data from national representative samples of France (n = 502), Germany (n = 500), Spain (n = 400) and United Kingdom (n = 501). With these secondary data, an ordered logistic regression was performed to determine which variables were significant to explain buycotting behavior.

Regarding socio demographic variables, no significant differences were found in gender. Age revealed a significant inverse relation to buycotting in the United Kingdom. In Spain and the UK significant differences were also found in education: the higher the education, the higher the probability of being a buycotter.

But clearly, environmental concern of the consumer is the variable that most contribute to explain the European buycotter profile in all countries studied but Spain. Our findings are fully in line with this main idea stated by Austgulen (2016): environmental problems are an increasingly accepted norm shared by a significant proportion of society.

For the academic community, it is recommended to deepen in the study of the impact of the "Environmental Concern" on the buycotting behavior. It seems as if the explanatory power of traditional demographic variables began to be exhausted to predict the buycotting behavior of the modern consumer. It is true that in the early studies on the European buycotter profile, gender, age, and level of education explained many differences between consumers. But nowadays only education seems to resist the emergence of new explanatory variables. The results of the study on the European buycotter profile will be a benchmark for the still incipient but rapidly increasing studies on the Latin American buycotter profile. In addition, the inclusion of the "environmental concern" variable adds an extra value to the study to the extent that this variable is being widely accepted and because the most common forms of buycotting are decisions that favor organic, eco-labeled, certified and fair trade products not only in the European countries but also in Latin America (Schäfer et al. 2011; Zhao et al. 2014). Modern consumer's buycotting behavior cannot be anymore explained by fixed segmentation criteria but by a complex mix of nontraditional and political values. And environmental concern seems to be one of them. This apparent change in the explanatory power of the traditional socio-demographic variables, and the emergence of new explanatory ones, needs more academic research.

In terms of managerial implications, the argument "business as usual" is no longer valid in today's society. Traditional models and methods of operating, where business exists only for generating and maximizing its profit, have been changed significantly. Today's marketers are expected to be active participants in solving world's global and local social and environmental issues. In this sense it is a common practice for consumers to judge firms grounding on social responsibility criteria. People "vote" and buycott companies that consider "good citizens". Firms that "behaving good" often derive encouragement from consumers for being socially responsible. Due to this recent explosion of consumers' interest in social responsibility issues, companies' and brands' reputations are becoming more susceptible to external influences, which underscore the important role of consumer buycott cognition in marketing strategy-making. Within the market economy, business behavior is not independent from consumer behavior and consumer acceptance. Companies should not underestimate the role of political consumers. They should regard them as potential actors who may be mobilized under certain conditions based on corporate performance seen in relation to the international debate on corporate social responsibility. Through making every single purchasing decision consumer thinks about matters of corporate responsibility, which in its turn affects the behavior and politics of company, providing stimulus to be more caring and responsible (Shaleeva 2015).

Managers should appreciate the fact that consumers derive high levels of product and life satisfaction from "good" behavior. People appear to be more interested in buying brands that align with their values. They consider that companies should take action to address the important issues facing society, because they think that corporations have the power to influence social change. Hence, companies should become more ethically oriented in their production methods, marketing approaches, and products offered to the market (Holland 2016). Research and knowledge on the socio-demographic profile of those who buycott is then relevant for marketers, because it can help them to understand what motivates these political consumers to make a deliberate choice of ethical brands and products. Thus, a deeper understanding of the characteristics of political consumers gives marketers an advantage in developing a successful ethical marketing program led to this growing segment of the market. Business community should also pay closer attention to this growing importance of environmental concern in explaining buycotting. And not only from a market-opportunity point of view, but as a proactive behavior to manage potential regulatory restrictions, as policy makers and legislators are giving more attention to environmental issues.

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Social and Environmental Accounting (SEA) Research in the Public Sector: The Portuguese Case

Verónica Paula Lima Ribeiro and Sónia Maria da Silva Monteiro

Abstract Research on environmental accounting and reporting practices has been centred on private corporations (Mathews 2004; Parker 2005; Milne and Gray 2007). In public sector organisations only little research has been carried out (Ball and Grubnic 2007; Ball and Bebbignton 2008; Farneti and Guthrie 2009; Gray et al. 2009; Guthrie et al. 2010). Literature shows there is a lack of empirical research on public social and environmental accounting (SEA) and most studies are largely focused on an Anglo-Saxon context and more specifically on countries such as Australia, New Zealand and the United Kingdom (Gibson and Guthrie 1995; Burritt and Welch 1997; Frost and Toh 1998; Frost and Seamer 2002; McElroy et al. 2005; Qian et al. 2011). Within the Portuguese context, little evidence is available related to public SEA (Verónica 2007; Ribeiro and Guzman 2010. Ribeiro et al. 2016a). In fact, there is no tradition of such empirical research in Portugal, particularly in the public sector. Thus, our study aims to enrich the international literature on SEA in public entities by providing a snapshot of Portugal's situation, where empirical evidence is still relatively unknown. Some studies suggest that accountants are involved in the SEA process in public entities, but there is still some room for improvement (Williams et al. 2010; Williams 2015). This paper also examines the ways in which professional accountants can encourage and support public entities to increase the low-level of sustainability accounting and reporting practices.

Keywords Social and Environmental Accounting (SEA) · Sustainability reporting
Environmental reporting · Empirical research · Public sector · Portugal
Accountants

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1 Introduction

Corporate social responsibility and sustainability are on the agenda of corporations, governments and individual citizens throughout the world (Crowther and Ortiz-Martinez 2016). There has been a growing debate on the issue of social and environmental accounting (SEA) within public institutions, partly because social and environmental responsibility is central for the functioning of such institutions.

Environmental and social matters are regarded as strategic issues that go beyond mere compliance of regulations. Thus, integrating social and environmental accounting into mainstream corporate accounting is essential. Therefore, the potential value of accounting and accountability in promoting sustainability in public sector organizations has been stressed (Guthrie et al. 2010).

In the public sector, the need for accountability is justified by the greater consumption of resources and their consequent environmental impact, but also by its importance as a role model (Farneti and Guthrie 2009). In this sense, given their size and influence, public entities are expected to lead by reporting their activities to promote sustainability publicly and transparently (GRI 2005).

The emergence of the Reporting Sustainable Development concept (Abreu and David 2013) has led to the gradual incorporation of the social and environmental dimensions into financial reports. These days sustainability reporting tends to follow the guidelines of the Global Reporting Initiative (GRI), which proposes a series of sustainability indicators. In 2005, the pilot version of the 'Sector Supplement for Public Agencies' was published to be used by public agencies at all levels of government.

Despite the growing importance of social and environmental responsibility in the public sector, this issue has not been widely addressed by researchers (Ball and Bebbington 2008; Ball and Grubnic 2007). Literature shows there is a lack of empirical research on public social and environmental accounting (SEA) and most studies are largely focused on an Anglo-Saxon context, and more specifically on countries such as Australia, New Zealand and the United Kingdom (Gibson and Guthrie 1995; Burrit and Welch 1997; Frost and Toh 1998; Frost and Seamer 2002; McElroy et al. 2005; Qian et al. 2011). Some studies examine information about social responsibility/sustainability in the public sector, published in the annual reports and/or sustainability reports and recently, on web pages.

Within the Portuguese context, little evidence is available related to public SEA (Ribeiro 2007; Ribeiro and Guzman 2010. Ribeiro et al. 2016a, b and c). In fact, there is no tradition of such empirical research, particularly in the public sector. Thus, our study aims to enrich the international literature on SEA in public entities by providing a snapshot of Portugal's situation, where empirical evidence is still relatively unknown.

Some studies suggest that accountants are involved in the SEA process in public entities, but there is some room for improvement (Lewis 2008; Williams et al. 2010; Williams 2015). This paper also examines the ways in which professional accountants can encourage and support public entities to increase the low-level of sustainability accounting and reporting practices.

The rest of the paper is organized as follows: the next section presents the accounting framework of the public sector in Portugal; The second section presents an overview of the main regulatory actions related to environmental disclosure not only at the international and European level but also in our country, Portugal. In the third section, we carry out a literature review examining the main lines of empirical research in environmental/sustainability accounting and reporting in public entities. The Portuguese empirical studies were analysed in the fourth section, including their objectives, methodology, samples and main results. The involvement of accountants and the development of regulation/guidelines concerning environmental/sustainability disclosure, particularly applied to the public sector, can play a vital role in the SEA in public entities. Finally, the last section presents a short reflection on the need of revitalizing the accountant's role to promote sustainability accounting and reporting practices.

2 The Public Sector in Portugal: Accounting Framework

The Portuguese public sector includes the administrative activity of the State-Administrative Public Sector—and its 'business' activity, as a producer of goods/services—Enterprise Public Sector (Caiado and Calado 2002).

The Administrative Public Sector treats the subjects of general interest of the country, aiming at the maximum satisfaction of collective needs and not for profit. This sector includes the Central Administration (ministries, etc.), Local Administration (municipalities) and Social Security.

The Enterprise Public Sector may result from the formation of companies by the State itself, with public capital, or may result from legal and political processes, as happened with the nationalization processes, which began after 1974 (implementation of the Republic in Portugal). However, in recent years, the weight of the public sector in Portugal's economy has declined due to the privatization processes.[1]

Following the commitments undertaken by the Portuguese State under the Financial Economic Assistance Program, there was a need to intensify the control of the Enterprise Public Sector. In this context, Decree-Law nº 133/2013, of October 3, was approved, which created a new regime for the Enterprise Public Sector, which governs the relationship between the State and its companies, pursuing objectives of good management, transparency and control of public finances.

The concept of the public enterprise sector is to integrate the Enterprise Public Sector and the Enterprise Local Sector, including: (a) public enterprises: companies

[1]The most significant privatizations took place in banking, insurance, interurban road transport, telecommunications, oil, etc. Revenues from privatizations have helped to reduce public debt.

in which the State or other state public entities may individually or jointly exercise, directly or indirectly, a dominant influence; (b) subsidiaries enterprises: where there is a permanent participation of the State.

About the accounting framework of the Portuguese public sector, until the 1990s, the State and its public bodies have relied on the cash accounting. After Portugal's entry into the European Union, and to modernize the accounting system, there was a process of reform of Public Accounting, with the approval of the Official Plan of Public Accounting (POCP)—Decree-Law nº 232/97 of 3 September. This plan aimed at integrating three accounting systems—budgetary, financial and cost accounting—into a modern public accounting as a tool to support public managers. The POCP was based on the Official Private Accounting Plan (POC) of the private sector, and it moved from a cash basis of accounting to the accrual basis of accounting in the public sector.

However, in a context of globalization, information on the performance and financial situation of public bodies should be comparable. According to the European Commission (2013), the IPSAS are currently the only set of public sector accounting standards internationally recognized that ensures comparability. In Portugal, in 2010, the POC was revoked and the Accounting Standards System (SNC) came into force, based on IASB' standards (IAS/IFRS).[2] This regulation was applicable to the public business sector, and the public sector continued to apply the POCP, which made it difficult to consolidate accounts in the public sector.

Thus, the need to implement a system of public accounting normalization was felt, based on the SNC, as happened with the POCP that followed the POC. The Decree-Law nº 192/2015, of September 11, approved the Accounting Standardization System for Public Administrations (SNC-AP)—with entry into force in 2018. In this sense, Portugal has an accounting framework in line with the best international practices in Public Accounting.

However, about the accounting treatment of environmental matters, only the entities that apply the SNC have a standard for this subject—the Financial Reporting and Accounting Standards (NCRF) 26—Environmental Matters, which is part of the SNC. This is an issue neglected by public accounting, particularly by the SNC-AP. In fact, the concern that Portugal always had with the approximation of public accounting to business accounting has not been felt regarding to environmental matters. We do not know the reason for the non-acceptance in the public sector of an accounting standard like the NCRF 26.

[2]The EU's approach to the IASB came about through the adaptation of EU directives to the IASB standards, starting a path towards international harmonization that culminated in 2005 with the adoption of IAS/IFRS by listed companies in the EU (Regulation 1606/2002/EC of the European Parliament and the Council).

3 Social and Environmental Accounting and Reporting Regulation for the Public Sector

3.1 International Initiatives

There are several international initiatives concerning the approval of environmental accounting standards or other guidelines related to environmental disclosure. Even though the International Accounting Standards Board (IASB) has not released any International Accounting Standard (IAS) dedicated exclusively to the treatment of the environmental issues, it presents several IAS that report to this subject (such as IAS 37, 38 and 39).[3] In the public sector context, the International Federation of Accountants (IFAC) has not published any International Public Accounting Standard (IPSA) either, referring to environmental issues.

At international level, we highlight the Global Reporting Initiative (GRI) that promotes some guidelines towards the elaboration of sustainability reports, with the goal of improving the quality, rigour and usage of the economic, social and environmental information published voluntarily, by private, public and non-profit entities, in all dimensions, sectors and places. This information may assume several configurations, be disclosed in writing, on the Internet and being presented independently (as separated information), or as part of annual reports (GRI 2006). The first guidelines were released in 2000 and revised in 2002. In 2006, the GRI released an enhanced version of the 'G3' guidelines and later, in March 2011, an updated version: G3.1. The G4 guidelines were released in May 2013 (Adams et al. 2014).

With the purpose of supporting the usage of these guidelines by several organizations in all sectors, the GRI has developed sector supplements to complement the general guidelines with interpretations that can bear the specificity of each sector and propose a few indicative performance evaluations. In the public context, in September 2003, the GRI began the development of the sector supplement for public agencies,[4] in response to the need of management for the elaboration of reports, considering that the general guidelines were unsuitable or would not cover some specific aspects, relevant in the public sector (GRI 2004). In March 2005, the GRI published the Sector Supplement for Public Agencies—Pilot version 1.0, meant for

[3]The only specific standard related to environmental issues was released in December 2004 by the International Financial Reporting Interpretations Committee (IFRIC) of IASB, under the designation of IFRIC n. º 3—"Emission Rights", referring to the accounting of CO2 emission rights. However, this interpretation was removed in July 2005, after the negative opinion of the European Financial Reporting Advisory Group (EFRAG), and no other standard or interpretation of this subject has been released yet.

[4]According to GRI "the term 'public agency' refers to any rule and policies provider entity, acting at different levels: regional, central, federal, state or local. This does not include companies that are controlled by the State, nor companies or other entities that perform investigation and education tasks or foundations" (GRI 2004: 7).

the 'public agencies' at all governmental levels,[5] considering that the same supplement may be used by International entities (for example, the Environmental Program of the UN). This supplement may be a starting point for environmental disclosure in the public sector, by providing a general model that favours the comparison between entities and organizations (GRI 2005; CPASR 2005). To sum up, according to the Centre for Public Agency Sustainability Reporting (CPASR 2005), the GRI supplement for public agencies acts upon some new information that is going to be disclosed. Effectively, what separates the public sector from the private one is the need of explaining to all citizens the way how all public policies were elaborated and performed. These public policies are related to the commitment of the public administration to sustainable development, within their jurisdiction.

In our opinion, the trend of the future model of reporting is the Integrated Report (IR),[6] a single report that should be the organization's primary report. The core objective of the IR Framework is to demonstrate the relationships between an organization's strategy, governance and financial performance and the social, environmental and economic context within which it operates (IIRC 2011).

At European level, we underline the Recommendation of the European Commission (EC 2001), referring to the recognition, measurement and disclosure of environmental information in the annual accounts and annual reports of European companies, embraced by the IV and VII Directives, as well as banks, other financial institutions and insurance entities. This recommendation directly follows the document of the Accounting Advisory Forum (AAF 1995) and the Interpretive Communication, by fitting in the EU's strategy concerning accounting harmonization, considering the different standards from IASB that refer to environmental issues (such as IAS 37, 38 and 39). This recommendation considered by the Directive 2003/51/CE of the European Parliament and Council, of 18th July 2003 (applicable since 2005), that changed Directives IV and VII, in the sense that annual reports of EU's societies include not only the financial statements of a company but also the environmental issues.

Even though the European Recommendation was not mandatory, it considered the establishment of accounting standards at the national level, so that the State members could follow the guidelines contained in that document. In this sense, different countries such as Denmark, Finland, France, Spain and Portugal have introduced some elements of the European recommendation in their accounting legislation (KPMG and UNEP 2006; Criado-Jiménez et. al. 2008). This recommendation is therefore the main impulse in the normalization process of environmental accounting within the European State members. We highlight that the European Recommendation (EC 2001) does not include public entities.

[5]Including ministries, federal agencies, regional government organisms (such as the European Committee), state agencies, local governments, departments, etc.

[6]The International Integrated Reporting Council is a global coalition of regulators, investors, companies, standard setters, the accounting profession and NGOs. These members share the view that communication about value creation should be the next step in the evolution of corporate reporting (IIRC 2011).

Concerning the accounting of CO2 emitting rights until the present time, this matter lacks accounting regulation in Europe, as much as in the other continents. Nevertheless, the European greenhouse gas emissions trading scheme, part of the Directive 2003/87/CE of 13th October, plans to establish an accounting to apply to rights of emission. This has led some State members (such as Portugal, Spain, Belgium, France and the United Kingdom) to issue applicable accounting standards on this subject in their geographic contexts.

In the public context, the first initiative at European level to promote the introduction of the environmental accounting belongs to the Parliament of the European Council, which published the Recommendation 1653 'Environmental accounting as a sustainable development tool' in 2004. It was based on the information by the Environment, Agriculture and Territorial Issues Commission, which considers that it is important for State members of EU to get familiar with the term Environmental Accounting and to start (or continue) applying it at all levels of Administration, particularly at local level. This document underlines the importance of introducing Environmental Accounting at all levels of the Government (national, regional and local), presenting a general framework for environmental accounting at European level, in which several standards, international agreements and some experiences in national environmental accounting are reflected, as well as environmental accounting initiatives developed locally. Within these initiatives, we highlight the Italian Project CLEAR, which is the first Italian project for environmental accounting applied to local authorities (Giovanelli 2003).

4 Portuguese Initiatives

Concerning our country, Portugal, the European Recommendation (EC 2001) may be considered the major driving force of the environmental accounting regulation in Portugal. The non-existence of a specific accounting regulation for environmental issues has led the Accounting Normalization Commission ('Comissão de Normalização Contabilística') to ensure that the orientations in the EU recommendation should be applied at national level. In this context, the Accounting Standard (AS) number 29—Environmental Issues was approved on 5th June 2002. Another important step in the Portuguese accounting regulation related to the environment was the approval of the Technical Interpretation Number 4—Greenhouse Gas emission rights on 25th May 2006: accounting of emission licences. In the absence of an accounting reference on this subject, Portugal, in accordance to other EU State members, issued this interpretation that is applicable to companies that include the Official Accounting Plan.

However, following the accounting harmonization process in the EU, a new Accounting Standards System (SNC) emerged in January 2010. This reform of the Portuguese accounting system approximated the Portugal accounting standards—the Financial Reporting and Accounting Standards (NCRF)—to the International Accounting Standards (IAS) and International Financial Reporting Standards

(IFRS). Related to environmental issues, the NCRF 26—Environmental issues that replaces AS 29 and Technical Interpretation n.º 4 has been published, but its content is identical.

The regulatory disclosure requirements set by the NCRF 26 cover a range of environmental issues (environmental investments, expenses, provisions and contingent liabilities, etc.) and present their definitions, as well as the criteria for their recognition, valuation and disclosure in financial statements.

The NCRF 26 is applicable to the environmental information that is presented in the annual report (individual or consolidated) and in the management report of all Portuguese companies (from the private sector) which are covered by the new Accounting Standards System. Therefore, the NCRF 26 does not apply to financial or insurance entities nor to public organizations, since the accounting normalization is not a competence of the Accounting Normalization Commission. Until now, the Accounting Normalization Commission of the Public Administration has not issued a specific accounting standard concerning the environmental information, so the entities that disclose any environmental information in their accounting documents do it voluntarily.

In Portugal, public entities should submit information for the elaboration of the national accounting according to the European System of National and Regional Accounting (ESNRA) and the aggregated macroeconomics of Statistics Portugal (Ribeiro and Monteiro 2015). We believe that the introduction of a classification by environmental categories in public entities, both in their budget and cost accounting, would not only provide more reliable information, but would also improve the decision-making on the environmental management policies and environmental disclosure.

5 Empirical Research on SEA in the Public Sector

In parallel with the increasing attention concerning environmental issues by organizations and regulators, the interest in Social and Environmental accounting (SEA) amongst academics has grown significantly. In this respect, several empirical studies have analysed the role of accounting connected to business behaviour towards environmental protection.

Nevertheless, despite the overall trend towards increasing research in this area, it is also recognized that the research focused on environmental accounting in public entities is still far from the number of studies about environmental accounting that have been conducted in private companies.[7] In effect, several authors (Gray and Haslam 1990; McElroy et al. 2005) have stated that our knowledge and

[7]Regarding research in environmental accounting in private companies, authors as Gray et al. (1995); Mathews (1997, 2000, 2003 and 2004); Berthelot et al. (2003) and Parker (2005) have carried out a revision of research in social and environmental accounting.

understanding of environmental accounting and reporting practices in public organizations is still limited.

However, in the last years, we have attended to the extension of research in the scope of SEA in the public sector (Mathews 1997). Therefore, the number of studies whose object of analysis is the public entities has clearly increased. In this regard, we highlight the studies in the following geographical areas: Australia (Gibson and Guthrie 1995; Burritt and Welch 1997; Frost and Toh 1998; Frost and Seamer 2002; McElroy et al. 2005; Qian et al. 2008; Bowrey 2008; Sciulli 2009), Italy (Marcuccio and Steccolini 2005; Pilcher et al. 2008), the United Kingdom (Gray and Haslam 1990; Ball 2004; Lewis 2005), Canada (Cormier and Gordon 2001), Sweden (Burström 2000; Fortes 2002), Norway (Andersen 2003), Malaysia (Joseph and Taplin 2011; Joseph 2010, Pilcher et al. 2008), Spain (López 2002; Larrinaga and Chamorro 2008), etc. Regarding the type of the public entities that were analysed, most of these studies focused on public companies (Cormier and Gordon 2001; Fortes 2002; Andersen 2003; Rahaman and Lawrence 2001; Rahaman et al. 2004; Larrinaga and Chamorro 2008), universities (Gray and Haslam 1990; Moneva and Martin 2012), protected natural areas (López 2002) and local entities (Burström 2000; Lewis 2005; Marcuccio and Steccolini 2005; McElroy et al. 2005).

Some studies analysed the adoption of environmental accounting practices by public entities obtaining evidence from the postal survey (Frost and Toh 1998; Frost and Seamer 2002) and through case studies (Ball 2005; Moore and Peter 2015; Qian et al. 2011). They observed a limited adoption of environmental accounting practices by public entities.

The motivating factors of the development of environmental accounting practices were also a matter of interest in some studies (Frost and Toh 1998; Cormier and Gordon 2001; Frost and Seamer 2002; McElroy et al. 2005; Qian et al. 2011), which examined several organizational attributes and other factors that could potentially lead public entities to adopt such practices. Most of the times it has been found that the regulatory context (specifically the existence of compulsory environmental reporting guidelines, standards or regulations) and those characteristics related to political visibility (mainly the entity size and the environmental sensitivity of the entity's activities) have an influence on the development of environmental accounting practices by public sector entities (Frost and Toh 1998; Frost and Seamer 2002; Qian et al. 2008; Qian et al. 2011). It was also found that other internal and external factors influence the extent to which public entities develop environmental accounting and reporting practices, including variables such as location of the entity (McElroy et al. 2005), source of funding (Burritt and Welch 1997; Frost and Seamer 2002), management attitudes towards environmental protection (Frost and Toh 1998), the community's expectations regarding the local entity's environmental performance (Qian et al. 2011), the development of environmental management practices (Frost and Seamer 2002) and the complexity of environmental management operations (Qian et al. 2011).

Most of the studies in the public sector focused on social and environmental disclosure practices in annual reports (Gibson and Guthrie 1995; Burritt and

Welch 1997; Cormier and Gordon 2001; Frost and Seamer 2002; McElroy et al. 2005; Ribeiro 2007; Moneva and Martin 2012; Mucciaroni 2012; Sciulli 2011), and the main results indicate that: private companies show a major propensity to disclose information than the public ones; the predominant form of disclosure is qualitative and the information of monetary character focuses on environmental expenses and income.

Several studies focus on the Sector Supplement for Public Agencies issued by the Global Reporting Initiative (GRI) in 2005, which contains recommendations on sustainability evaluation based on performance indicators grouped into economic, environmental and social categories. Some studies related to sustainability reporting suggest that: reporting practices are diverse (the documents used for environmental disclosure vary according to the entities) and sustainability reporting increases the visibility (external and internal) of the entity's activities, its performance and status (Marcuccio and Steccolini 2005 and 2009; CPASR 2005; Mack and Power 2006; Guthrie and Farneti 2008; Sciulli 2009; Sanchez et al. 2011; Tort 2010).

Nowadays, more than ever, information can be provided to a bigger range of stakeholders and interest groups through the Internet (Crowther 2012). Throughout the process of the public sector reform and administrative modernization, some studies (Moon 2002; Brewer et al. 2006) reveal that public entities usually use ICT, on websites, as a means of showing that they have become more transparent through the disclosure of more information about management to citizens (Jorge et al. 2011). Hence, the recent studies have applied methodologies for analysing sustainability information on organizational web pages (Joseph 2010; Joseph and Taplin 2011; Martins 2011; Moneva and Martin 2012; Navarro et al. 2010, 2014, 2016 and 2017; Piltcher et al. 2008, Ribeiro et al. 2016a–b).

The Legitimacy Theory is considered one of the dominant theories in the study of social and environmental information disclosure (Deegan et al. 2002, Mussari and Monfardini 2010; Eugénio et al. 2013 and 2015). In fact, organizations tend to make a lot of effort, through the public disclosure of information, to ensure that their operations are viewed as legitimate. Thus, according to this theory, organizations use published information to be considered acceptable and legitimate by society. However, because community expectations change, organizations should be adaptable, and more importantly, should communicate the changes and develop information strategies in response to the legitimacy crisis they are facing at that time (Dias 2010). Consequently, both the intensity and the approach to information disclosure vary depending on whether an administration intends to increase, maintain or defend its legitimacy.

Rayman-Bacchus (2006) states that government or administration legitimacy proceeds from the consistency of their organizational outputs, societal values and expectations, i.e. the values of the citizens they govern. Legitimacy is reaffirmed throughout the electoral process. Magalhães et al. (2012), argue that trust in government leaders tends to increase when more information is disclosed on government websites, and therefore increases the interaction with citizens.

Several authors consider legitimacy to be the central axis of the Institutional Theory (Deegan et al. 2002; Joseph 2010; Sánchez-Fernández 2012). For Sánchez-Fernández (2012, p. 6), achieving legitimacy involves 'the fulfilment of rules and beliefs and the adoption of certain organizational practices and strategies that fulfil needs, values and established standards'. Moll et al. (2010) report that researchers in the field of the public sector accounting attribute greater importance to the Institutional Theory than to other theories. The authors argue that this focus is understandable given that public sector entities should demonstrate accountability, and accounting is viewed as an avenue through which public sector entities can legitimize their operations.

Online information disclosure has played a significant role in the public sector, as the approach increases engagement between public entities and citizens. Magalhães et al. (2012: 10) state that 'it is possible to understand that the adoption of information e-disclosure practices by public sector organizations seems to derive from the mechanisms of isomorphism of DiMaggio and Powell (1983). A public organization may adopt the Internet as a means of financial disclosure by legal enforcement (coercive isomorphism), to resemble other public organizations of the same sector (mimetic isomorphism), or because of the influence that the bodies related to the accounting profession set (normative isomorphism)'.

There are several studies which adopt the Institutional Theory alone or in combination with other approaches, such as the Legitimacy Theory, to explain the implementation of sustainability and reporting practices (Ribeiro 2007; Ribeiro 2016c; Marcuccio and Steccolini 2005; Pilcher et al. 2008; Joseph 2010; Mussari and Monfardini 2010; Lodhia 2010; Joseph and Taplin 2011; Mucciaroni (2012).

6 Empirical Research on SEA in Portuguese Public Entities

In Portugal, as far as we know, the first study on environmental accounting applied to local authorities was developed in Ribeiro's doctoral thesis (2007).[8] In the Portuguese context, municipalities are the public entities that are the closest to citizens. The dissemination of social and environmental information by public entities may allow such entities to grow closely aligned with citizens by demonstrating a willingness and ability to serve citizens. This study has been conceived in two different phases, using different research methodologies and objectives:

[8]Part of the thesis was published in some scientific journals (Ribeiro and Aibar 2010 and 2011; Ribeiro et al. 2012).

- the content analysis of environmental information disclosed in annual reports by the Portuguese local entities in 2004, with the aim of knowing the location, type and extent of environmental disclosure carried out by them, as well as the possible factors that may have influenced such disclosure.
- semi-structured questionnaire for a sample of Portuguese local entities, in order to obtain data about their situation, regarding the use of environmental management and accounting practices, that is, to know the development degree of such practices and their possible explanatory factors.

The sample of this study included large and medium Portuguese city councils as well as municipal companies belonging to these councils. Generally, the obtained results at the first stage of the study, connected to environmental disclosure in annual reports (in a total of 102 entities, 71 councils and 31 municipal companies, representing 51,3% of the population), reveal that:

- most entities disclose environmental information, particularly in the management report. This information is exclusively presented in a positive way and mainly with a narrative character.
- the items about environmental investments, measures of environmental protection, education and training are those which are disclosed by a larger number of entities and also present a larger extension in the annual reports.
- although most entities disclosing environmental information are city councils, the results indicate that, on average, municipal companies tend to have a greater number of references in relation to the environment when compared to city councils.
- however, it has not been proved that the type of the accounting plan applied to local entities, as well as their geographical location, are determinants factors of the environmental information disclosed in the annual report by Portuguese local entities.

On the second part of the study, a questionnaire to analyse the use of environmental accounting and management practices was implemented (in a total of 62 entities, of which 51 are city councils and 11 are municipal councils) and the main results indicate that:

- the financial accounting (85.5%) and the budgetary accounting (75.8%) are the two main areas which consider environmental issues.
- the management report is the main document to disclose environmental information.
- the number of entities that deal with environmental costs is limited, which is explained by the fact that only 25.8% of the entities have a cost accounting system.
- the main reasons that lead entities to disclose environmental information is the need to ensure environmental responsibility through their image promotion.
- the degree of development of environmental management practices is low, however it is higher in city councils compared to municipal companies. Additionally, entity size, the adoption of proactive environmental strategies and the implementation of Local Agenda (LA) 21 are explaining factors of the degree of development of such practices.

Proceeding with this study in Portuguese municipalities, Ribeiro et al. (2016a) intended to identify the main factors which might explain the degree of development of environmental accounting and reporting practices, based on an Environmental Accounting and Reporting Practices Index (EARPI). This index was created considering a set of eight environmental accounting and reporting practices that could be implemented by the entities included in the sample. Three variables were considered in this study as potential determinants of the development of environmental management practices by local entities, namely the entity size, the Accounting Framework and the degree of development of environmental management practices. The results reveal that:

- the degree of development of environmental accounting and reporting practices in Portuguese local entities is low;
- however, municipal companies present a higher degree of development of Environmental Accounting Practices when compared to city councils, once they apply the private accounting plan and consequently the Portuguese Environmental Accounting Standard 26;
- accounting regulation and the degree of development of environmental management practices are explaining factors of the degree of development of environmental accounting practices in Portuguese local entities;
- therefore, the hypothesis concerning the influence of the size variable was rejected.

In the public context, it has been proved that the Internet is an important means of communication because of its interactivity and the ability to disseminate information, bringing institutions closer to citizens. Recently, some studies were developed to analyse online information disclosed by Portuguese public entities, because websites are considered an adequate means for studying published information on sustainability. Ribeiro et al. (2016b and c) studies aimed to analyse the extent of online social responsibility (SR) information disclosure by Portuguese municipalities and to identify related determinant factors, based on Institutional and Legitimacy Theories. The sample included the 60 top Portuguese municipalities, based on the efficient use of financial resources (Carvalho et al. 2012). A content analysis was performed on web pages, and it was created an information disclosure index (Total Disclosure Index—TDI) that was subdivided into four subindices: Generic Information (GDI), Economic Information (EcDI), Social Information (SDI) and Environmental Information (EnDI). Several tests have been conducted using previously formulated hypothesis, via univariate and bivariate analyses. A regression model that uses the Total Disclosure Index (TDI) as the dependent variable was also developed. The results reveal that:

- descriptive statistics indicate average levels of SR disclosure. The Total Disclosure Index (TDI) value was 0.46. The Economic Information subcategory presents the highest value (0.66), followed by the Social and Environmental information categories (0.61 and 0.36, respectively).

- univariate and bivariate analyses show that certain variables can explain the degree of information disclosure. The Size (SIZE2) (measured by the number of inhabitants), Education Level (EDUC) and Tax Burden (TAX) variables positively influenced all indices, while the Unemployment Rate (UNEMP) variable does not influence the indices. Political Competition (POLCOM) only influenced Environmental Information Disclosure Index (EnDI), and the remaining variables influenced at least four out of the five indices studied;
- the multivariate analysis results indicate that the implementation of the Local Agenda 21 (LA21), the existence of tax burdens, the characterization of a municipality as an urban one and the environmental/SR certification application positively influence the degree of SR information disclosure. The Total Disclosure Index (TDI) is negatively affected by the existence of an inactive population (i.e. the percentage of individuals $\leq$ 19 and $\geq$ 65 years of age).

7 Accountants' Role to Promote SEA in Public Sector

The extent to which accountants have been involved in environmental reporting practices has been investigated by some authors (Gray et al. 2009; Deegan et al. 1996; Kuasirikun 2005). Williams et al. (2010) mentioned numerous studies that have examined the role of the accountant from a private sector perspective in environmental accounting. However, studies focusing on the role of the accountant from a public sector perspective are limited (Ball 2002, 2005; Telford 2005; Farneti and Guthrie 2009; Williams 2015). The results usually indicate that accountants are not as involved as they could be in the environmental accounting practices of their organizations.

Williams (2015) focused on the accountant's current and potential role in the sustainability reporting process in the Australian local government, exploring factors that influence the further development of the accountant's role. Findings indicate that accountants are supportive of involvement in sustainability reporting, but their actual level differs significantly from the level of involvement they believe they should have, pointing to the existence of an execution gap. Potential factors were investigated, highlighting the limited integration of sustainability beyond the organizational level, the lack of understanding of sustainability by accountants and the current need for further upskilling by them. The research has indicated that the public sector accountants have a minimal level of involvement in the preparation of sustainability reports. Burritt et al. (2009) argued that the lack of training, education, knowledge and experience of accounting personnel is acting as an obstacle to the development of sustainability accounting in the public sector.

Williams et al. (2010) argue that accountants themselves need to engage more in issues of sustainability if they intend to broaden their involvement and role in sustainability accounting. This can only happen if accountants are aware, understand and fully appreciate the value of sustainability accounting and reporting.

Lewis (2008) analyses the accountant's role related to public sector sustainability reporting. According to this author, the accountancy profession has a clear opportunity to play a leading role in developing sustainability reporting in the public sector context.

A report of the Accounting for Sustainability Group by the Prince of Wales (2004) affirmed that it is important for accountants to be aware of sustainability issues in their work. In fact, the accountancy profession has an important role in defining how sustainable development is measured and in influencing how governments report such issues.

The Association of Chartered Certified Accountant's guide about the role of accountants in sustainability (ACCA 2008), although mainly private sector focused, is also relevant for government and public sector accountants. ACCA (2010) mentions some areas where accountants can contribute to sustainable development and government sustainability reporting: budget and strategy development; audit; performance measurement, monitoring and management; accountability and governance and standards setting. Accountants have skills to understand the regulatory and voluntary reporting environment in which businesses and governments operate, to manage risk; to develop efficient frameworks to measure financial and non-financial information and to provide clear and reliable sustainability information.

8 Conclusion

The international panorama of environmental disclosure is characterized by a diversity of voluntary or mandatory standards/guidelines, which are predominating in the private sector. At European level, only a few countries such as Portugal, Spain, France, Denmark and Finland have included some elements of the European Recommendation on environmental matters in their regulations.

Before the accounting regulations that establish requirements for the environmental disclosure in the annual reports of public entities, the environmental information published has mainly been voluntary. In consequence, it would be primordial to promote environmental accounting legislation in the public sector, not only with the goal of revitalizing the environmental disclosure in the public sector but also to be followed as an example by the private sector.

While research on SEA in the private scope has acquired an even greater importance throughout the last decades (Gray 2006), in the public sector the research has only started to take its first steps. For instance, some countries like Australia are pioneers in the investigation of this matter.

Although several authors (CPASR 2005; Guthrie et al. 2010) have highlighted the need to understand public entities' current sustainability reporting practices, little research has been conducted in this field (Ball and Grubnic 2007; Guthrie and Farneti 2008; Farneti and Guthrie 2009). Moreover, understanding the determinant factors of public sector organizations to adopt SEA practices may help promote the disclosure of such practices (CPASR 2005; Qian et al. 2011).

The empirical research literature review on environmental accounting shows that most studies concerned to environmental disclosure are particularly focused on private organizations. However, in the last years, we have witnessed an increasing focus on Environmental Accounting research in the public sector. This is highlighted by a further development of empirical studies in the public sector.

Actually, the empirical research of SEA in the public sector is far from reaching the level of research in the field of the private sector. The research on public environmental accounting is limited to a few papers, most of them focused on environmental (and/or sustainability) disclosure practices, although others analyse the environmental accounting practices from an internal perspective. An overview of the empirical literature concerning environmental accounting in the public sector outlines that some of the studies have investigated: (a) the reasons that led public entities to adopt environmental accounting practices as well as their degree of development and; (b) the type and extent of environmental disclosures made by public entities.

In Portugal, although there is some empirical investigation in the private sector, the empirical research including public entities is restricted. As far as we know, there is no tradition of this kind of empirical research in Portugal; there are only a few studies, described on this paper.

Our paper tried to enrich this literature by providing a general overview and analysis of the current state of SEA in Portuguese local entities. In general, evidence indicates that the extent to which those entities have developed social and environmental reporting practices is low. The incidence of such practices is lower in the local sector in Portugal than in other countries, such as Australia and the UK. Therefore, we can conclude that Portuguese local entities are lagging behind other countries in the development of SEA practices. However, we believe that their results can be considered as a starting point for future investigations.

In our opinion, reasons like the lack of environmental accounting regulation in the Portuguese public sector can explain the scant development of the environmental accounting and disclosure practices in the public sector. Thus, this area of interest is lacking appropriate attention from accounting researchers. In this sense, we argue that there is a need to revitalize the empirical research in the environmental accounting field, regarding the public sector, both on the international and Portuguese contexts.

Finally, we consider that the environmental disclosure harmonization requires a concerted work of regulatory entities, accounting and auditing professionals, as well as researchers to get better solutions when elaborating and presenting environmental information, to ensure a bigger transparency and comparability. In fact, we share the opinion of Soloman and Lewis (2002) that the environmental disclosure regulation should be accompanied by an educational strategy, which should include corporate management, stakeholders and professionals' associations.

SEA is a field which raises challenging issues for the accounting profession: social and environmental accounting and reporting involves a deeper understanding of the interdependence of social, environmental and economic issues; it demands long-term and future-focused accounting practices; and it requires accountants to work alongside other professionals.

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An Investigation into the Sustainable Actions of Micro- and Small Businesses

Stacey Marshall and Sarah Williams

Abstract Although much is written about the approach of larger companies towards their environmental responsibilities, there is much less concerning smaller companies. This gap in research is particularly apparent within micro-businesses. If the sustainability actions of a business are related to the perceived drivers and barriers of the leader, then this should be even more apparent in very small companies where the leader is closer to the firm. This paper contributes by investigating the current sustainability behaviours of UK-based micro-and small businesses, with a specific emphasis on the drivers and barriers of their environmental activity. In order to achieve this, an empirical, cross-sectional study was carried out using a mixed-methods approach in partnership with the UK-based Federation of Small Businesses (FSB). The results find a surprising number of eco-friendly activities carried out by micro-and small business with a strong desire for support to overcome resource and capability barriers.

Keywords Micro-and small business · Eco-friendly behaviour
Drivers and barriers · Environmental engagement · Environmental actions

1 Introduction

The purpose of this paper is to investigate the sustainable, environmental actions of UK-based micro- and small businesses and in particular their perceptions of the drivers and barriers to engagement. For the purposes of this paper, a micro-business is defined as a company who employs fewer than 10 people (Mitchell 2014) and a small business is a company who employs between 10 and 50 people (EUR-lex 2007). Micro-and small businesses account for 99.3% of all private sector businesses in the UK (DBIS 2015), with over 19 out of 20 businesses in the UK employing less than ten people (Young 2015).

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Although each individual business is small, it is their collective impact that is significant with micro-and small firms contributing up to 70% of global pollution (Halberstadt and Johnson 2014; Johnson 2013; Hillary 2000). Additionally, the UK Environment Agency (2003) has estimated that micro-and small businesses account for around 60% of commercial waste and nearly 80% of pollution incidents. This makes the collective engagement of micro-and small businesses fundamental to any effort to reduce carbon emissions and improve resource use.

However, despite the collective need and importance of micro-and small businesses to the sustainability agenda, the majority of micro- and small business managers have yet to engage with eco-friendly activities (Johnson 2013: Revell and Blackburn 2007). This makes understanding how to support engagement a significant and legitimate imperative. While there is little research that focuses specifically on micro-and small business environmental behaviour (Bos-Brouwers 2010; Lee 2009), there is some evidence that micro- and small business owners would like to engage with improved environmental practices, yet lack the ability to do so. Certainly, Lobel (2015) found that 90% of micro- and small business managers would be more energy efficient if they could. This suggests there is a lack of knowledge about the pro-environmental behaviour of very small firms and a need to understand their perceptions of the drivers and barriers to engagement in order to support them with current and forthcoming sustainability challenges (Halberstadt and Johnson 2014; Johnson 2013; FSB 2007).

In order to address the apparent gap in understanding argued here, this paper reports on empirical research which was carried out in 2016 with the support of the East of England regional group of the UK-based Federation of Small Businesses (FSB). The FSB is the largest direct business membership organisation in the UK with over 210,000 members.

The research set out to analyse the drivers and barriers of pro-environmental behaviour in micro-and small businesses and to evaluate the environmentally pro-active actions taken by a sample of business owners. In addition, this paper will offer an assessment of what micro-and small businesses could be doing to improve their environmental sustainability and the support they may need to achieve this.

1.1 The Importance of Business Sustainability

While sustainability is increasingly a core business concern (Johnson 2013; Revell et al. 2010), it will never be fully accomplished unless all companies, especially the smallest, are involved (Hillary 2000). Pilot (2014) suggests the role of companies within the sustainability agenda is changing, with it becoming increasingly important for businesses to go beyond their core business activities to protect society and the environment. However, it is clear that companies of different sizes and competencies will react differently to the same environmental challenges and opportunities; with micro-and small businesses different from larger corporations in terms of their capabilities and resources (Parry 2012; Hammann et al. 2009; Biondi et al. 2000; Gerrans and Hutchinson 2000). This means that while smaller firms may be more agile, they may still take a reactive (rather than pro-active) approach towards sustainability and may experience the drivers and barriers to environmental engagement differently to medium and large companies.

However, the significance of sustainability specifically for micro-and small businesses is contested, with Samujh (2011), arguing that survival overpowers sustainability concerns for the majority of very small firms. In addition to Samujh (2011), Kloviene and Speziale (2015) also emphasise that in order for micro-and small businesses to contribute towards economic growth and stability, short-term survival issues will need to trump longer term considerations. This suggests that environmental actions may not bring micro-and small companies sufficient economic benefits, for example from resource cost savings or enhanced reputation, and that market intervention/network support maybe needed to facilitate such adoption and enhance the links between sustainability and enhanced survival rates (Samujh 2011; Kloviene and Speziale 2015).

1.2 Drivers and Barriers to Sustainable Behaviour

There are a number of drivers to pro-environmental engagement identified in the literature for small to medium (SMEs) and larger firms, with varying evidence linked specifically to micro-and small companies. In many cases, the literature does not specifically relate to these very small companies and the relevance is untested and assumed. This is significant because support to engage SMEs with the environment was initially based on what was known about the engagement of larger firms yet this proved to be inadequate or misleading (e.g. Spence 2007). Indeed, Bansal and Roth (2000) claim that drivers may vary in accordance to the business context, the business size and the situations that lead to their particular motivation. This may imply that micro-and small businesses are likely to encounter several barriers that prevent them from more fully engaging (Al Zaabi et al. 2013).

A number of drivers identified from within the literature as potentially relevant to micro-and small business will be discussed in the following sections, including personal ethical beliefs, cost savings, legislation/regulation and resource constraints.

1.3 Ethical Beliefs

Ethical and ecological beliefs have been identified as a major driver for sustainable actions (Williams and Schaefer 2013; Kehbila et al. 2009; FSB 2007). This was also demonstrated by Lobel (2015) who claimed that 70% of SME owners state that protecting the environment is highly important to them. However, Parry (2012) and Spence (2007) observed that although ethical motivations have attracted much attention from business researchers, it is not clear how this relates to very small companies where the owner is not considered to be an eco-preneur, or specifically setting up a 'green' business.

1.4 Cost Savings

Small businesses often have limited access to capital and limited cash flow, so it is understandable that cost savings may be identified as an important driver for sustainable actions (Lobel 2015; Pilot 2014). However, there is limited evidence that very small businesses make savings significant enough to warrant the investment in time and effort (Williams and Schaefer 2013; Fineman 2000), suggesting that cost savings may be part of a mix of motivations or less significant than for larger companies (Parry 2012). In addition, it has been observed that SME owners can believe that introducing environmental practices will initially cost money (Williams and Schaefer 2013; Revell and Blackburn 2007). Apart from the 2007 FSB survey (FSB 2007), that investigated social and environmental responsibility approaches by members, there is limited evidence that seeks to understand this conundrum from the perspective of the micro-or small business. Although the FSB survey (ibid) had a greater focus on social rather than environmental aspects and did not separate micro-and small from SME, the report did find that perceived cost, along with lack of time and lack of capacity, were barriers to small business engagement.

1.5 Legislation and Regulations

Blundel et al. (2011) argue that legislation to protect the environment has increased with Governments in different areas introducing policies to limit the damaging activity of organisations. As a result of this, micro-and small businesses in Europe and the UK at least, are all subject to at least some environmental compliance. However, SMEs have been known to comply through accident rather than design (Petts et al. 1998) and it is unclear how far micro-and small business are affected (directly or indirectly through the supply chain) or recognise compliance as a general motivation. Certainly, Al Zaabi et al. (2013) argue that legislation can be considered as both a driver and barrier, as compliance can reduce innovation in favour of meeting minimal requirements. Indeed Spence (2007) supported by Williams et al. (2017) argued that compliance limits engagement and acts as a glass ceiling: If compliance is the motivation, once compliance is fulfilled, no further action is required.

1.6 Resource Constraints

Verboven and Vanherck (2015) argued that most small businesses have considerable resource limitations that prevent them from integrating sustainable practices into their business as well as time constraints. It is also suggested that sustainability implementation costs can be relatively high (Butler, Henderson and Raiborn 2011) and that the majority of micro-and small businesses are hesitant to spend the money to become sustainable as it is not seen as a cost that can be transferrable to customers in terms of added value (Taylor et al. 2003). On the other hand, Condon (2004) argues that SMEs at least have an advantage when addressing ecological issues because their size enables them to respond more quickly to changes in the business environment in comparison to large and global organisations. It is not clear whether micro-and small businesses per se recognise or act on this agility.

1.7 Other Drivers

There have been many other drivers and barriers of sustainable activities that have been identified by business researchers but it is not clear how far these relate to micro-and small companies. For instance, it has been found that implementing environmentally and socially responsible practices can create competitive advantage (Matthews 2015; Miller 2010; Alzawawi 2014) but it is not clear how far this is achieved or perceived to be the case for micro-and small businesses—apart from those starting up as 'green' businesses. There is also a lack of knowledge relating to both consumer demand (Matthews 2015) and supply chain pressure as drivers for engagement by micro-and small businesses.

1.8 Literature Summary

While it is clear that sustainability is of growing concern for business (Pilot 2014; Johnson 2013; Parry 2012; Revell et al. 2010), it is not clear how far existing research on SME pro-environmental engagement relates to micro-and small businesses. Certainly a number of SME researchers suggest that more could be done to understand and support the smallest companies (e.g. Lobel 2015; Revell and Blackburn 2007) to take steps to reduce their collect environmental impacts. While a mix of motivations are recognised within SME research as potential drivers for business engagement, it is not clear how far these apply, or are perceived to apply, and to be experienced as benefits by micro-and small businesses.

1.9 Methodology

In order to analyse the drivers and barriers of pro-environmental behaviour in UK-based micro-and small businesses and to evaluate the eco-actions taken within such companies, an exploratory research approach was used. This allowed the primary researcher to understand the issues more thoroughly (Mirazee 2014) and to address ambiguity in a research area that was fairly new (Blumberg et al. 2011). In addition, a cross-sectional research design enabled the collection of data on several micro-and small businesses at a particular time so the research could be examined to detect patterns of association (Bryman and Bell 2011).

This research was conducted through a mixed-methods approach using both qualitative and quantitative techniques (White and Rayner 2014). Quantitative research was carried out through the use of online self-completion questionnaires and qualitative data was collected through semi-structured interviews. Validity and reliability were addressed through triangulation of methods and peer feedback.

1.10 Data Collection

For this research, simple random sampling (probability) was used as this is the only method of sampling without bias and was the most representative sample of the population involved in this research, due to the different sizes and natures of micro/small businesses (White and Rayner 2014).

White and Rayner (2014, p 65) define a questionnaire as "a series of questions, each one providing a number of alternative answers from which the respondents can choose." Questionnaires generate data in a well organised fashion and the responses can then be measured, categorised and subjected to analysis so the researcher can understand the data collected (White and Rayner 2014). The use of a questionnaire enabled the researcher to ask participants about the sustainable activities implemented within their businesses, along with their reasons for undertaking such actions and what may prevent actions that are desired but not carried out. Participants had the opportunity to add additional comments under each question

The questionnaire was created online and promoted through social media. In addition, the primary researcher was particularly grateful for the support of the East of England Federation of Small Businesses (FSB) who distributed the questionnaire to micro-and small business members. A total of 65 responses were received allowing some generalisation of the quantitative findings. The East of England was chosen both out of convenience and due to the region being the driest and most low-lying area of the UK and particularly vulnerable to environmental change. The UK Climate Impacts Project (UKCIP 2003) expects the East of England to be affected by climate change through drought, heat waves, flooding and sea level rise with an increasing risk of physical damage from high winds. The region is also promoted as the 'ideas region' of the UK (EEDA 2011, p. 22) and as highly innovative in developing agile, creative solutions. The region is linked with the supply of UK energy via European gas pipelines from the North Sea; renewable energy from the UKs largest off shore wind farms in the North Sea and nuclear energy from Sizewell in Suffolk. Environmental issues specific to the region include congestion from a poor east-to-west transport infrastructure and high transport load to and from the container ports of Felixstowe and Harwich.

In addition to the questionnaire, five in-depth semi-structured interviews were carried out. These used a similar format to the questionnaire and enabled the primary researcher to explore the questionnaire results in greater depth by encouraging participants to expand on their answers. Indeed, both the questionnaire and the semi-structured interviews were divided into two sections. The first section asked questions about business, for example how long the business had been trading and the nature of the business; whereas section two focused solely on environmental engagement and asked the business owner about environmental behaviour, drivers and barriers.

As both the questionnaires and the interviews contained similar questions regarding the nature of the business, the relevance of sustainability, perceptions of the business as sustainable, drivers and barriers to sustainability and environmental actions undertaken, the data was analysed by taking an iterative case by case approach to each individual question. This enabled the researcher to explore answers in depth while reflecting on how widely ideas were found in the questionnaire.

2 Findings

2.1 Business Information

The first four questions were designed to understand more about the nature of the business. Of the 65 completed questionnaires, 83% were from small companies with between 10–50 employees and 17% were from micro-business with less than 10 employees. This indicates that the research collected is relevant to micro-and small businesses. In addition, all five of the semi-structured interviewees were from micro-businesses in order to add depth specifically to the most under-researched group. Of the respondents, nearly three out of four were the company owners from the initial start-up, meaning that environmental approaches introduced since start-up had been based on their actions. Additionally, the researcher asked the nature of the business so they were able to identify any connections between the activities they did and the type of business in question however there were over 33 different businesses questioned, a list of these business can be seen in Table 1.

Table 1 Breakdown of business by activity

Nature of business	No.
Strippers	1
Sales	3
Painter and decorator	2
Joinery and manufacturer	7
Shop fitting	6
Commercial property maintenance	2
Security alarm installers	1
Sports team/Training class	3
Tree surgeon	1
Electrician	3
Plumbing and air conditioning installation	2
Cleaning	3
Mechanics and engine tuning	1
Hairdresser/Beauty salon	6
Plastering	2
Quarrying stone	1
Haulage	2
Book publisher and shop	3
Talent management	1
Phone answering service	2
Florist	2
Building and construction	3
Audio visual consultancy	1
Event production	1
Fashion shop	2
Nightclub	1
Solicitors	1
Photographer	1
Taxi firm	1
Total	65

2.2 *Relevance of Eco-Friendliness to the Business*

The aim of this question was to explore the owner's initial position on the relevance of the environment to their business and how far they believed their business had the ability to be sustainable. Just over two-thirds (68%) of the questionnaire sample and all five of the interviewees, believed that being eco-friendly was relevant to their business and achievable for them. Example comments included:

> The improvement in our environment and the strive towards a more sustainable lifestyle is relevant to all, particularly with increasing global pollution and the race of economic growth among nations (Design & project management, retail sector)

> Yes although it is given that we are only a very small company it can prove difficult at times. I am aware of the availability of timber products that have been sourced from reliable/renewable sources through FSC and PEFC schemes and would ideally purchase materials bearing these trademark stamps. We would consider wherever possible the segregation of waste materials generated by our business (Shop fitting & Joinery Manufacturing).

> Eco-friendly is relevant to all businesses, and yes, to ours too. Eco-friendly is not only beneficial to the environment but can provide cost savings to businesses too. (Event Production).

Nevertheless, this means that the remaining one-in-three questionnaire respondents did not believe that being eco-friendly was relevant to their business or believed they were unable to implement eco-friendly activities. Here comments emphasised the potentially contrary views highlighted in the literature regarding cost and cost benefit. This suggests that, similar to recent research on SMEs (Williams et al. 2017), the cost-based business case can be confusing and does not always stack up for smaller companies. For example:

> There are environmentally friendly paints but they cost more and there is an environmentally alternative to white spirits but it doesn't work. If it was possible to be more environmentally friendly I would be (Painter & Decorator).

> Investing in LED lighting and solar panels would make us far more eco-friendly but we do not have the money to invest (Auto Electronics & Engine Tuning).

Nearly half of respondents (43%) considered their eco-friendliness as 'average' in comparison with other small firms. The remaining respondents were evenly divided between perceptions of their company as more or less eco-friendly than others. In the interviews, three out of the five interviewees rated their company as *'average'* whereas the other two rated theirs *'very'*. The first comment points towards the complexity and confusion that small business owners can experience in trying to do the right thing and the need for actors to understand the different levels at which they can respond (Williams and Schaefer 2013). It is also clear that small businesses are restricted by the limitations of their business premises. These restrictions can come from the capital costs needed to make improvements but may also be from a lack of power to make changes with restrictions due to lack of (rented premises) and/or regulatory requirements. Comments from the interviewees included:

> No one can win, because if we use computers then we are using an immense amount of electricity whereas if we use paper then we are killing trees. There is no absolute sustainable option to whatever we do and therefore we cannot win. Business C. Self-rated 'Average'.

> We try to be eco-friendly by recycling paper and that, using LED light bulbs, reducing electricity and water usage but we are based in an old listed building that we lease which has poor insulation and single glazing so we can't really do a lot there. Business B, 'very'.

> I believe that we do as much as we possibly can to be sustainable and to reduce our environmental impact by implementing eco-friendly activities in all that we do. We make

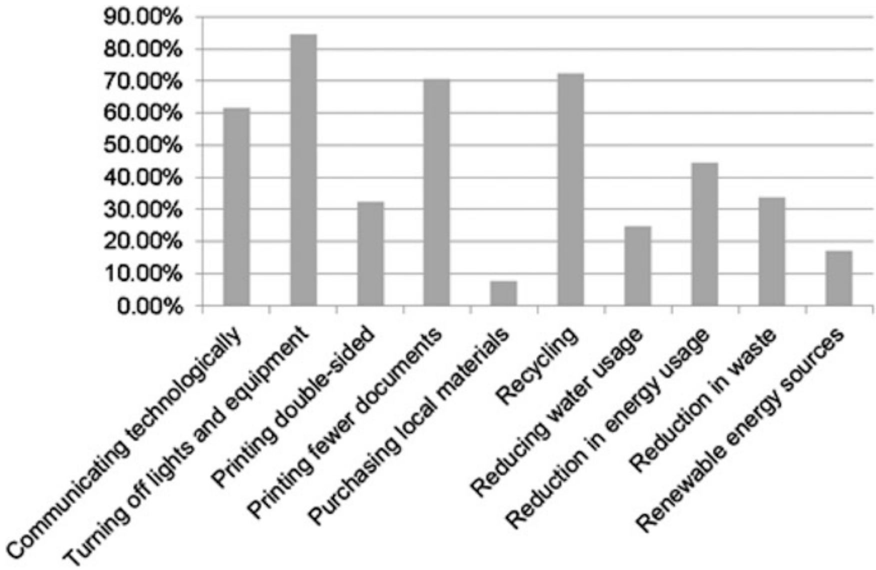
sure that all equipment is fully turned off when not in use and we do not print as many documents as we used to as all communication is now done through e-mail. Also, instead of travelling to conferences and meetings, we use Skype so that we are able to reduce emissions through travel. Business D, 'very'.

2.3 Sustainable Eco-Friendly Actions Carried Out in the Business

This question was designed to explore the actions that respondents were already carrying out in their businesses which they considered to be eco-friendly and sustainable. Questionnaire respondents had a number of options to select from as well as the opportunity to add additional activities. Interviewees were encouraged to reflect in depth on their company behaviours.

Table 2 summarises the key questionnaire answers. It is clear from this that four actions are considered to be the most significant for micro-and small businesses—each reduced energy and resource use, were easy to implement, usually with no cost outlay and offered some potential cost savings. Williams and Schaefer (2013) similarly found that while SME managers can be critical of cost saving messages, the environmental actions carried out by them first did save money. However, cost

Table 2 Questionnaire summary of environmental actions



savings were found to a by-product of actions not the motivation for undertaking them.

The four highest answers found in this current research were; ‘*ensuring all equipment and lights are turned off when not in use’* (84.6%); *‘recycling’* (72.3%); *‘printing fewer documents’* (70.8%); and *‘communicating technologically’* (61.5%). However, it is clear that micro-and small business are involved with a surprisingly broad range of actions and this clearly indicates the potential for encouraging and supporting very small firms with stronger sustainability. Indeed, it was clear from the interviews that the infrastructure and support needs to be in place for these businesses to engage with environmental actions. For example:

> We would like to do more to be more sustainable but because we are based in an old listed building with very little insulation, we need to have the heating on all the time to make sure it is warm so we are using a lot of electricity Business B.

> The only reason that we make sure our lights are turned off is because it saves us money on bills, and then printing double-sided is because it saves money on paper and we only recycle because we have the bins available to do so Business E.

2.4 Drivers Towards Environmental Sustainability

Although the potential savings may be relatively small, *‘saving costs’* was seen to be the strongest motivator for initiating environmental behaviours, with 81.5% of questionnaire respondents selecting this option. Interestingly, ‘ethical/ecological beliefs’ was the second strongest motivator at 44.6% and ‘legislation and regulations’ was third with 38.5%. This suggests that the mix of motivations highlighted in the literature review is largely relevant to micro-and small businesses even though the research did not, in the main, focus on this group of very small businesses. It also supports recent work with SMEs (e.g. Williams et al. 2017; Cassells and Lewis 2011) that emphasises the importance of personal values in both how sustainability messages are received and how the mix of motivations is prioritised.

The interview responses were also quite reflective of the need to save money with each of the interviewees suggesting that ‘saving costs’ did encourage them to be more sustainable. However, interestingly, there was an emphasis on efficiency rather than saving cost to necessarily maximise profit. This suggests that respondents are trying to run the best business they can. For example:

> I do what I do because it saves money and as a micro business, have little spare funds to be shedding out on bills etc. so I try to keep my costs to a minimum Business A

> I would say that saving costs is the biggest driver for me because being such a small business, we do not have a lot of money to be spending out and therefore we try to reduce costs wherever possible Business C.

2.5 Barriers Towards Environmental Sustainability

While cost savings was perceived as a driver, the perception of *'high initial costs'* was the biggest barrier (57%) for respondents to implementing sustainable activities. Additionally, *'resource constraints*' at 52% was the second strongest barrier perhaps suggesting that respondents are not engaging in eco-friendlier activities because the business does not have the resources or capabilities to do so. A perceived '*lack of support*' was highlighted by 30% of respondents. These findings were developed and supported through the interviews where Business C, in particular was passionate about the need for support:

> There is a huge lack of support from the Government that helps micro and small businesses become eco-friendlier. If there were more Government funding/schemes available, then I would be more inclined to be sustainable as it would mean I would be able to do more to save costs, like install solar panels to reduce my electricity bills Business C.

The same need for support and for help with capital investment was also reflected in the questionnaire responses. For example:

> My business produces a lot of wood waste as offcuts not suitable for use in projects. However, should funding or carbon grants become available again, I would invest in a furnace to burn all non-usable cut offs to heat the workshop rather than using diesel heating (Joinery & Manufacturer).

> We would like to invest more in using recycled materials but the cost of these are too high at the moment (General Shop Fit & Maintenance).

The perceived barriers become particularly significant when the proportion of business owners who aspired to be more engaged with sustainability is considered. Indeed, 78% of the respondents said they would like to become eco-friendlier but the perception of, largely, cost prevented them. If the perception of cost is greater than the actual costs involved, then it is a lack of knowledge (what to do/how to manage) and support that is can be implied to be key. The remaining 22% who did not aspire to become eco-friendlier believed they were already doing as much as they could. However, if 'business', as a social actor, is to fully embrace sustainability and move beyond quick wins and cost savings, then there needs to be greater understanding of what very small businesses can achieve. There was some suggestion that the supply chain could play a greater role in facilitating such aspirations. The revised international environmental management standard ISO14001:2015 encourages engagement with tier 2 and tier 3 suppliers (as well as immediate suppliers and customers) and this may, in time, encourage greater innovation and support to micro- and small businesses.

3 Discussion

3.1 The Drivers and Barriers of Being Engaging with Sustainability for Micro- and Small Businesses

The results of the empirical research reported in this paper posit the prime motivator of sustainable activity as *'saving costs'* and the second biggest driving factor is *'ethical/ecological beliefs'*. However, it is unclear how different motivations are perceived as inter-related to each other and this research did not fully explore what was meant by ethical/ecological beliefs. Certainly, a number of authors have recently emphasised the importance of ethical beliefs within SMEs (e.g., Williams and Schaefer 2013; Kehbila et al. 2009; Lobel 2015) and how cost savings are achieved as a by-product of actions made for other reasons. This is slightly contradictory to the findings from this current research and points towards a need to explore the ethical beliefs of micro- and small business owners with regards to sustainability in more depth. It is also possible that the greater emphasis on cost savings found in this research supports the survival over sustainability argument of Samujh (2011) and Kloviene and Speziale (2015) for unlike the traditional business case of 'save money, save the planet' (Revell 2003), very small businesses need to maximise any opportunity for efficiency in order to survive. Certainly, Parry (2012) argued that micro- and small business owners would only implement sustainable activities if they could see definite benefits of doing so.

It is an apparent contradiction that 'saving costs' can be seen as an important driver towards eco-friendlier behaviours yet, 'high initial cost' can also be perceived as the most significant barrier. This emphasises again that the perception of cost and motivation is not as clear as some early SME writers suggested and may be more complex for micro- and small businesses as well. The contradiction may also reflect 'saving cost' as quick win, no initial outlay efficiency savings versus 'high initial costs' actions that go beyond these quick wins and do require some investment. This may therefore reflect the perception and aspirations of business owners and their definition of sustainability and warrants further investigation.

Previous research (e.g. Verboven and Vanherck 2015; Butler et al. 2011; FSB 2007) demonstrated the importance of resource and time constraints in small companies where the owner-manager often requires a very broad set of skills to fulfil a number of roles within the company. This was a finding supported by this current research in the context of environmental sustainability. Over half of micro- and small business owners said that they do not have the resources and competencies required to implement desired environmental improvements.

3.2 Evaluating the Sustainable Actions Taken by Micro- and Small Business Owners

The research found a surprisingly broad array of actions carried out by the micro- and small businesses questioned. However, many of the actions can be considered relatively simple and included *'ensuring lights and equipment are turned off when not in use'*, *'recycling'* and *'printing fewer documents'* along with *'communicating technologically'*. However, it was clear that respondents had the potential to go beyond simple actions with a small number beginning to introduce renewable energy sources and looking to reduce electricity and water usage. Additionally, the questionnaire results demonstrated that around half of the respondents had been implementing the sustainable activities over time and the other half had looked to be eco-friendly from the beginning. The existing literature does not provide detailed insight into the actions that micro- and small businesses carry out in order to be sustainable but instead tends to emphasise the importance of sustainability across all businesses and within every economy. Reflecting on the actions, as well as the drivers and barriers, of sustainability for micro- and small businesses is a therefore a clear contribution of this paper.

Interestingly while the majority of respondents in both the questionnaire and the interview had been sustainable from the beginning, it is worth noting that most had been trading for less than five years. This reinforces and potentially supports the suggestion that sustainability in micro- and small businesses is a current issue with new start-ups increasingly recognising sustainability as a growing concern and opportunity for all businesses (Johnson 2013; Revell et al. 2010).

4 Conclusion

While notions of sustainability within business are complex (Farley and Smith 2014; Johnston et al. 2007), it is clear that the concept is very firmly on the business agenda. However, there has been limited research exploring the experience of sustainability from the perspective of micro- and small businesses, and it is that gap which the current research has aimed to address. Environmental engagement is increasingly relevant to all businesses, in all industries (Williams et al. 2017; Johnson 2013; Revell et al. 2010) and this position has been supported by the micro- and small businesses in this research: Sustainability and eco-friendly aspirations are relevant to very small businesses. This is an important finding because while micro- and small businesses tend to have a limited individual environmental impact, their collective impact is significant (Halberstadt and Johnson 2014; Johnson 2013; Hillary 2000). Engaging this group with actions that reduce their environmental impact and improve their overall sustainability should be a key goal for business support.

While there are many different drivers and barriers to environmental engagement, it is clear that the individual perception of the different micro- and small business owners is important. This suggests that, in terms of engagement, 'one size does not fit all' (Williams et al. 2017) and social actors looking to engage with this business sector need to understand the particular nuances of the mix of motivations and, potentially, how that links with the values and motivations of the individual business owner (Williams et al. 2017). After all, each business is different and each business owner will have different characteristics and personalities that impact on what motivates them to become more sustainable (Bansal and Roth 2000). From both the interviews and the questionnaire used in this research, 'saving costs' and 'ethical beliefs' were found to be the strongest drivers. However it is not clear how different motivations weigh against each other within each business or indeed, fit with additional drivers, such as, supply chain compliance and legislation to form a whole picture. It was also clear from this research that some concepts, such as costs and legislation, can act as both a driver and a barrier and this goes to emphasise the importance of the individual as the unit of engagement.

It is important to emphasise that this research found that micro- and small businesses are already carrying out a number of eco-friendly actions. This supports the research into social and environmental responsibility carried out by the FSB nationally in 2007. However, the finding is still significant because current research still largely maintains that sustainability is of little interest to very small businesses, who need to focus on survival (Samujh 2011; Kloviene and Speziale 2015). It can however be suggested, based on the findings of this research, that micro- and small businesses are engaging with sustainability and in doing so, actually increase their chances of survival: this is because the eco-friendly actions reported by respondents helped to improve the overall efficiency and competitiveness of the business. Looking forward, social actors engaging micro- and small businesses with sustainability might look to explore sustainability in terms of organisational resilience and the potential threats and opportunities that might encourage a deeper, longer term and more strategic view of environmental issues.

It was clear from this research that micro- and small businesses need support to more fully engage with sustainability. A clear desire was demonstrated to engage with the agenda but explicit calls for 'how to' knowledge and support were made. At the micro- and small business level, it is clear that there is still market failure without drivers clear enough to encourage deep change. Certainly, the UK Labour Government during the 2000's, with support from the European Union, invested heavily in support to engage SMEs with improved environmental performance. For example, the UK government invested £240 million between 2005 and 2008 under the Business Resource Efficiency and Waste Programme (BREW) to encourage businesses to voluntarily improve their environmental performance through resource efficiency (NAU 2010) and directed a proportion of Landfill Tax to encourage business in this way (£214 million 2008–10). Respondents to this current research were clear that if there was Government funding/funded support it would help them to overcome initial costs and resource constraints. Working together to develop and share best practice and overcome common issues, such as rented premises and access to renewable energy, would be likely to improve the survival and economic growth of these companies in the long term.

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