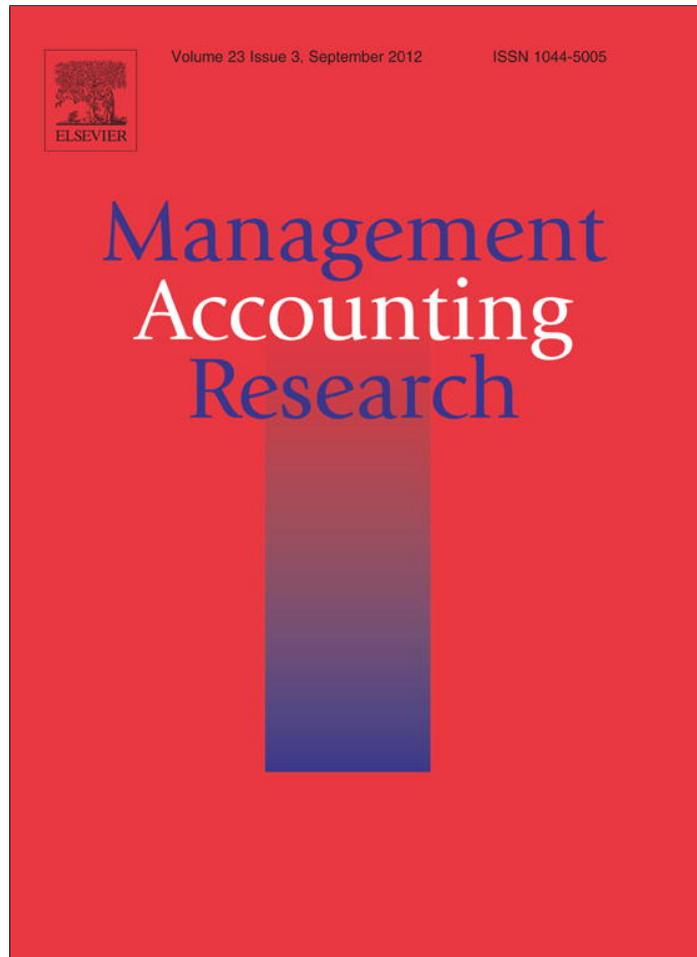


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Guest editorial

Accounting, auditing and control for sustainability

The following paper by Gond et al. was originally presented at the 2010 annual EURAM conference, in Rome, in the track “Accounting, Auditing and Control for Sustainability”. This track, which has been organised at the EURAM annual conference for the last three years, aims to develop an ongoing, constructive and open dialogue among researchers who are engaged with the various roles of accounting in advancing sustainability. The purpose of this track is also to encourage and recognise fresh research, and actively debate and theorise the roles, uses, barriers and enablers of sustainability accounting.

Sustainability and Corporate Social Responsibility (CSR) refer to a company's activities – voluntary by definition – demonstrating the inclusion of social and environmental concerns in business operations and in interactions with its stakeholders (CEC, 2001). Transparency, public disclosure, stakeholder engagement, societal approach to business, human capital, and so on, should all be tailored to be in line with the context and specific ambition of Sustainability and CSR (Lenssen et al., 2007).

In the last few years the diffusion and features of CSR and sustainability practices and their determinants have been deeply analysed by the research community. However, although sustainability accounting has received growing attention from academics and practitioners alike in recent years, to date relatively few organisations have implemented comprehensive systems.

Sustainability accounting can be considered as an umbrella term for internal and external accounting practices, embracing the environmental, social and economic aspects. It is considered to play a central role in supporting the implementation of an organisation's sustainability strategy, embedding sustainability into day-to-day operations and decision making, and developing relationships with stakeholders based on trust and legitimacy.

The debate on Sustainability and CSR disclosure is quite lively. Evidence about the impact on sustainability of the external reporting is huge and relevant, although some relevant issues have not been sufficiently researched until now: such as the convergence of practices adopted by firms to communicate their sustainability

performance, and the effectiveness and quality of sustainability disclosure.

However, relatively little is known about the relationship between external sustainability reporting and internal accounting procedures. Even less is known about the integration of sustainability into management control and its uses for strategic management. This topic also seems to have received little interest within firms, even though the linkage between business strategy and sustainable strategy is increasingly relevant today. In fact, the present financial and economic crisis seems to require a new strategic paradigm, more focused on the ethical conduct of the firm, the social and environmental impact of its activities, and its duties and responsibilities towards all stakeholders. Moreover, previous research has clearly shown that sustainability, effectively embedded, measured and communicated, has a positive correlation with higher profitability, lower risk and better returns on the capital market (Herremans et al., 1993).

A firm that intends to embed sustainable principles in practice needs to use management control systems (MCSs) to influence people's behaviour and to align people's objectives with the company's goals and strategies. According to Dixon et al. (1990), although the driving forces for improvement come from strategies, they should also derive from actions and measures. Furthermore, measures lead to both an evolution in actions and changes in strategy.

In this context, MCSs play a fundamental role due to the fact that in the organisations the objectives that are pursued and the actions that are implemented are those for which managers are responsible and upon which they are evaluated and rewarded (Anthony, 1965). MCSs also deal with the identification of the drivers of past and future performance and the related indicators, and this suggests the need for alignment between business strategy and sustainable strategy.

The design, implementation and use of MCSs focused on sustainability and CSR ask an enterprise for a big effort in order to redefine its actual MCSs.

Already from the beginning of the 1990s, the CRS literature has signalled the importance of having specific

managerial tools devoted to measuring sustainable performance, representing both the environmental and the social perspectives (Epstein, 1995; Milne, 1996; Schaltegger et al., 1996; Gray et al., 1996; Elkington, 1997; Epstein and Manzoni, 1998; Epstein and Roy, 2001). More recently, research on this topic has concentrated on the design of managerial mechanisms to support the implementation of the firm's sustainable strategy. Many authors have suggested the use of the balanced scorecard (BSC) as an effective tool (Epstein and Manzoni, 1998; Radcliffe, 1999; Epstein and Wisner, 2001, 2006; Figge et al., 2002; Bonacchi and Rinaldi, 2007).

Depending on how the relationship between business strategy and social/sustainable strategy has been considered, different design choices for embedding sustainability and CSR in the BSC have been proposed (Songini and Pistoni, 2012). Firstly, if sustainability strategy and goals are considered instrumental and subordinated to the business strategy and the company's competitive and financial objectives, we could expect Kaplan and Norton's framework (2004) to be used. Thus, some sustainability objectives and measures could be included in the internal processes perspective; in particular, in regulatory and safety processes. Secondly, if sustainability objectives stand alongside the firm's business objectives, but without a complete integration between them, and consequently social strategy is considered to be distinct from business strategy, two different design choices for the BSC have been proposed by literature. The first suggests adding a new performance area, the so-called "non-market perspective" to the traditional BSC model (Figge et al., 2002); while the second develops a sustainability balanced scorecard as a separate tool from the traditional BSC (Epstein and Wisner, 2001). The sustainable BSC could be designed following both a triple bottom line approach (Elkington, 1997) and a stakeholder perspective. Finally, when CSR and sustainability are strictly integrated into the company's goals and mission, and there is a coincidence between the social strategy and the business strategy, we can expect that the CSR and sustainability perspectives will be introduced pervasively into the four perspectives and objectives of the traditional BSC.

The paper by Gond et al. theorises the role and the uses of both management control systems (MCSs) and sustainability control systems (SCSs) in the process whereby sustainability becomes part of corporate strategy. It aims to clarify the importance of integrating the two parallel worlds of MCSs and SCSs in the process of strategic renewal. Thus, this proposal is consistent with the research stream which considers social strategy distinct from business strategy, and proposes the use of two distinct managerial control systems (Epstein and Wisner, 2001).

The paper highlights the role of MCSs in pushing organisations in the direction of sustainability. In fact, the authors state that MCSs are central to strategy-making as they shape the process of strategy emergence and support the implementation of deliberate strategies. Accordingly, lasting attempts to integrate sustainability within strategy, beyond external reporting, discourse and mission statements should be reflected at some stages within formal control mechanisms.

The authors point out how MCSs and SCSs are related and how together and in relation with strategy-making these systems can prevent or facilitate the emergence of sustainability at a strategic level and ultimately the integration of sustainability and strategy. Gond et al. propose a configurational typology of sustainability integration within strategy through management control. They apply Simons' levers of control framework to the new domain of sustainability management and thus demonstrate the relevance of this framework beyond the scope within which it has been used in management accounting.

The paper provides a new theoretical framework that accounts for the roles and uses of MCSs in sustainability and delineates eight configurations of MCS and SCS. These configurations can be operationalised and this framework can thus support future empirical research on the role of MCSs and SCSs in sustainability strategy.

The authors elaborate on the concept of systems' integration, and clarify the paths and barriers to sustainability integration with regular MCSs – due to technical, organisational and cognitive barriers. They show how the proposed framework can explain the full integration of sustainability within strategy or its progressive marginalisation by explaining and theorising the moves from one configuration of control systems to another.

Finally, the authors point out that although organisations may have embraced the sustainability rhetoric in their external reporting and in their mission statements, research suggests these reports may serve as a veil which hides activities from scrutiny with the sole purpose of reconstructing their eroded legitimacy. This skeptical view is nurtured, on the one hand, by a lack of studies of the intra-organisational impact of sustainability and, on the other hand, by the scant attention devoted to the role of management control systems in supporting sustainability within organisations. It is further enhanced by anxieties concerning the capacity of any strategic move toward sustainability to alter organisational practices.

As indicated above the paper by Gond et al. was presented in the Accounting, Auditing and Control for Sustainability track of the 2010 EURAM annual conference. A similar track was held in the 2011 and 2012 EURAM annual conferences. The Accounting, Auditing and Control for Sustainability track is also planned, among the standing tracks, for the 2013 EURAM annual conference, which will be held on June, 26–29, in Istanbul, at the Galatasaray University. The deadline for paper submission is January, 15 2013. Further information on 2013 EURAM conference can be obtained from www.euram2013.com.

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