



Governmentality in accounting and accountability: A case study of embedding sustainability in a supply chain

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A B S T R A C T

This paper examines how the introduction of sustainability accounting has been used by an organization as a means to seek to govern social, economic and environmental issues relating to suppliers. The concept of governmentality and four analytics of government are proposed as a means to examine systematic ways of exercising power and authority. This theoretical framework illuminates the specific rationales and practices of government that enable particular aspirations of reform – such as sustainability – to be constituted. The analysis is informed by the discussion of the implementation of sustainability-orientated regimes of practice in the context of a single supply chain within a major supermarket chain in the UK against the theoretical analytics of government. The paper provides novel empirical insights into how sustainability accounting shaped forms of power, rationales and practices in a supply chain. It explores the extent to which senior decision-takers frame and use sustainability accounting to foster disciplinary effects based ostensibly upon social and environmental goals. These are found in practice to be reformulated primarily according to an economic (rather than social or environmental) regime of practice.

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Introduction

Social and environmental sustainability has developed from a sub-political narrative on unsustainable patterns of consumption into a practice of governing by institutional actors in different contexts (Russell & Thomson, 2009). Such transformation involves the problematization of organizational conduct, as a determining factor, and also the identification of subjects, as necessary actors that embed sustainability into their decision-making processes. One of the main arguments which has been made in support of embedding the interlinking of economic, social and environmental considerations within decision-making, is that it would allow organizations to lay the foundations for effective corporate social, environmental, economic and ethical governance (Owen, Swift, & Hunt, 2001; Unerman & Bennett, 2004; Zadek, Pruzan, & Evans, 1997).

There is widespread acknowledgment and increasing regulation underpinning the notion that business and public sector organizations have environmental and social responsibilities (Gray, Dey, Owen, Evans, & Zadek, 1997; Gray, Owen, & Maunders, 1987; Unerman, Bebbington, & O'Dwyer, 2007). Corporations claim that engaging in sustainability is an important activity (ACCA, 2006; Accountability, 2008). Nevertheless little, if any, of this discourse is directed towards the analysis of rationalities and practices that lie behind the embedding of the interlinking economic, social and environmental considerations. Correspondingly, there seems to have been widespread acceptance within the academic literature about the conditions under which embedding sustainability into corporate decision-making is realized (with the notable exception of Hopwood, Unerman, & Fries, 2010).

Drawing upon the above points, the aim of the paper is to critically analyze the specific conditions under which corporate engagement in sustainability is enacted, maintained and transformed, through a set of regimes of practice that seek to embed the social and environmental

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impact of corporate actions into decision-making alongside economic impacts. The study provides theoretically informed empirical insights into the extent to which senior decision-takers frame and use sustainability accounting to foster disciplinary effects, and its potential to facilitate the governance of the self and others.

The theoretical framework used to address the aim of the paper is based upon the concept of governmentality proposed by Michel Foucault (Foucault, 1979, 2010; Foucault, Burchell, Gordon, & Miller, 1991; Foucault & Gordon, 1980; Foucault, Senellart, Ewald, & Fontana, 2007), and further expanded by, among others, Dean (1995, 2007, 2009) for analyzing the specific conditions under which particular forms of power emerge, exist and change; those that try to shape, mobilize and work through the choices, desires and aspirations of individuals and groups. In terms used by Gouldson and Bebbington (2007, p. 12) “governmentality seeks to uncover and examine the often invisible rationality which is behind an assemblage of actions and mechanisms that are in place to govern certain actions.” While several research studies within the accounting literature have addressed the foundation of power and the development of governable selves (Johansen, 2008; Neu, 2000b, 2006; Neu & Graham, 2004, 2006; Nyamori, 2009; O’Regan, 2010; Stein, 2008; Vollmer, 2003; Walker, 2010) and the mentalities of government (Miller & Rose, 1990, 2008; Rose, 1999; Rose & Miller, 1992), Dean’s analytics of government has been rather disregarded (with the exception of Russell & Thomson, 2009). This paper therefore contributes to the sustainability accounting literature by demonstrating the potential power of this overlooked but valuable theoretical framework. As sustainability is often portrayed in terms of programmatic aspirations of reform that involve the practice of training – which constitutes forms of government and self-government – employing the analytics of government to analyze aspects of sustainability orientated accounting practices might be expected to provide useful insights. In addressing this objective, it is maintained that governmentality is not restricted to the state or political institutions, but is placed in a more general context (Lemke, 2001; McKinlay, Carter, Pezet, & Clegg, 2010) that includes the corporate domain (Dean, 2009).

In order to give a focus to the insights, our research aim is addressed through the analysis of an exploratory case study. We analyze the rationales and practices that emerged during the implementation of a sustainability accounting framework within the lamb supply chain of a UK supermarket. This enables a reasonably clear overview of a relatively short UK based chain, with limited variation in external influences as would be more apparent in the context of a global supply chain. Hence the focus of research can be clearly trained on the analytics of government utilized to influence sustainability practices in the supply chain by the retailer.

Many aspects relating to the potential of supply-chain accounting to influence the buyer/supplier relationship (such as make or buy decisions, joint cost control, joint performance measurement and open book accounting) have been addressed by extant research (Baiman & Rajan, 2002; Dekker, 2003, 2004; Frances & Garnsey, 1996; Free,

2008; Seal et al., 2004; van der Meer-Kooistra & Vosselman, 2000). However, little academic research has examined the extent to which accounting for corporate social and environmental impacts is influential in governing the transition towards sustainability in the supply chain, and the role it may play in fostering disciplinary effects based upon social and environmental practices.¹ It has been argued that these practices have the potential “to establish ‘sustainable’ norms of acceptable behaviour and to divide actions into ‘sustainable’ and ‘unsustainable’ as a precursor to government intervention” (Russell & Thomson, 2009, p. 231).

The paper proceeds by describing the context and background to our empirical work on embedding sustainability decision-making in the lamb supply chain of a UK supermarket. In the subsequent section governmentality is introduced in more detail, particularly in terms of the practical application we use, drawing on Mitchell Dean’s analytics of government. An overview of our case-study based methodological approach is given. The empirical data is then presented using Dean’s four analytics of government as a guiding frame. The paper concludes by drawing from the analysis to note the implications of our findings, acknowledging the limitations of the work and reflecting on avenues for future research.

Context

Grocery retailing is exceedingly competitive, and economically, socially and environmentally important, representing 11% of European Union Gross Domestic Product. This makes the sector both a focus for policy and public scrutiny, and is an instance where sustainability can be regarded as highly competitive territory with associated prestigious industry awards. A growth sector in the UK despite the economic climate, the £150.8 billion grocery retailing market is dominated by a handful of multiple food retailers.² These operate through supermarkets, superstores and hypermarkets. We will refer to one such organization in our case study as ‘the supermarket’, and the form more generally as ‘supermarkets’.

¹ This argument was shaped by a review of six influential accounting journals (*Accounting, Organizations and Society*, *Accounting, Auditing and Accountability Journal*, *Critical Perspectives on Accounting*, *The British Accounting Review*, *The European Accounting Review* and *Accounting Forum*) over the period 1990–2010. The review revealed that governmentality was effectively mobilized in only 30 publications (Armstrong, 1994, 2006; Everett, Neu, & Rahaman, 2007; Graham, 2010; Himick, 2009; Jeacle & Walsh, 2002; Johansen, 2008; Knights & Collinson, 1987; Kornberger & Carter, 2010; Lohmann, 2009; Mahama & Ming, 2009; McKinlay & Pezet, 2010; McKinlay et al., 2010; Miller & O’Leary, 1987; Neu, 2000a, 2000b, 2006; Neu & Graham, 2004, 2006; Neu & Heincke, 2004; Nyamori, 2009; O’Regan, 2010; Radcliffe, 1998; Rahaman, Everett, & Neu, 2007; Richardson, 2009; Stein, 2008; Vaivio, 2006; Vollmer, 2003; Walker, 2010; Young, 1995) and in just one case was the implementation of sustainability accounting as a governing technology challenged (Russell & Thomson, 2009).

² Data on the UK grocery retail sector is taken from the Institute of Grocery Distributors. www.igd.com Accessed 13 January 2011. The term multiple food retailer refers to “supermarkets with 600 sq. metres or more of grocery sales area, where the space devoted to the retail sale of food and non-alcoholic drinks exceeds 300 sq. metres and which are controlled by a person who controls ten or more such stores” (Competition Commission, 2000, p. 8).

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