

Governance, Accountability and Sustainable Development

Governance, Accountability and Sustainable Development

Edited by

David Crowther, Mourad Oubrich,
Redouane Barzi and Sara Abdaless

Cambridge
Scholars
Publishing



Governance, Accountability and Sustainable Development

Edited by David Crowther, Mourad Oubrich, Redouane Barzi
and Sara Abdaless

This book first published 2015

Cambridge Scholars Publishing

Lady Stephenson Library, Newcastle upon Tyne, NE6 2PA, UK

British Library Cataloguing in Publication Data
A catalogue record for this book is available from the British Library

Copyright © 2015 by David Crowther, Mourad Oubrich, Redouane Barzi,
Sara Abdaless and contributors

All rights for this book reserved. No part of this book may be reproduced,
stored in a retrieval system, or transmitted, in any form or by any means,
electronic, mechanical, photocopying, recording or otherwise, without
the prior permission of the copyright owner.

ISBN (10): 1-4438-6884-1

ISBN (13): 978-1-4438-6884-6

TABLE OF CONTENTS

| | |
|--|------|
| List of Tables and Figures | vii |
| About the Editors..... | viii |
| About the Authors | ix |
| Chapter One..... | 1 |
| Developing a Global Perspective | |
| David Crowther, Sara Abdaless, Mourad Oubrich and Redouane Barzi | |

Part I: Theoretical Understandings

| | |
|---|----|
| Chapter Two | 22 |
| Linking Competitive Intelligence to Corporate | |
| Governance: Insight from a Stakeholder Perspective | |
| David Crowther, Mourad Oubrich, Redouane Barzi and Sara Abdaless | |
| Chapter Three | 43 |
| What is Organisational Governance? An Exploration of Concepts | |
| and Terminology | |
| Suan Gulliver | |
| Chapter Four..... | 59 |
| No Accounting for Inequity: Accounting's Opposition to Sustainability | |
| David Crowther and Shahla Seifi | |
| Chapter Five | 80 |
| A New Approach to Information Security Governance | |
| Hicham Elachgar, Brahim Boulafdour, Meryem Makoudi | |
| and Boubker Regragui | |

Part II: Sectoral Understandings

| | |
|--|----|
| Chapter Six | 94 |
| The Enforcement of Accountability in Public Governance in Africa | |
| Eme Joel Efiong and David Crowther | |

| | |
|--|-----|
| Chapter Seven..... | 108 |
| Web Traffic and Firm Performance: Evidence from the MENA Region Omar Farooq and Samir Aguenaou | |
| Chapter Eight..... | 119 |
| The Governance of Domestic Energy Consumption Shahla Seifi and David Crowther | |
| Chapter Nine..... | 137 |
| Global Sourcing: A Source of Conflict between Global and Local Governance. Saudi Arabia as an Example Mazen F. Rasheed and Michael von Gagern | |
| Part III: Regional Understandings | |
| Chapter Ten | 148 |
| The Audit of the Sustainable Development and Social Responsibility: A Proposal of Methodology. The Case of Morocco EL Mansouri Moulay Hassan | |
| Chapter Eleven | 178 |
| Accountability in Governance: The Case of Judgement / Settlement Debt Payments in Ghana Ruby Melody Agbola and Evans Sokro | |
| Chapter Twelve..... | 203 |
| Financial Crises and Corporate Governance in the Public Sector: Understanding the Impacts on Risk Management and Accountability in the UK City Councils Sara Abdaless, Ismail Adelopo and Georgiana Grigore | |
| Chapter Thirteen..... | 223 |
| Developing a Theory of Governance and Sustainable Development Sara Abdaless, David Crowther, Mourad Oubrich and Redouane Barzi | |
| Index | 240 |

LIST OF TABLES AND FIGURES

- 1.1 Stages of Maturity of CSR activity
- 2.1 Differing probability profiles
- 2.2 Model of Competitive Intelligence
- 3.1 Four human organisational behaviour modes
- 4.1 The Conventional Transformational Process
- 4.2 The Sustainable Transformational Process
- 4.3 The facets of sustainability
- 5.1 Corporate governance and information security
- 5.2 Map of potential risks
- 5.3 Coverage of the Repository
- 7.1 Descriptive statistics of web traffic ranking
- 7.2 Relationship between firm performance and web traffic ranking
- 7.3 Relationship between firm performance and web traffic ranking in different legal regimes
- 7.4 Relationship between firm performance and web traffic ranking in different ownership regimes
- 7.5 Relationship between firm performance and web traffic ranking in different tangibility regimes
- 8.1 The interdependence of sustainable development and its Pillars
- 8.2 Increasing refrigerator efficiency and reducing cost
- 8.3 Differing probability profiles
- 8.4 Refrigerator energy use over time
- 8.5 Projected increased demand for energy
- 9.1 Global Competitiveness Index
- 10.1 The national statutory regimes regarding societal information
- 11.1 Research questions
- 12.1 Governance vision within local councils

ABOUT THE EDITORS

David Crowther is Professor of Corporate Social Responsibility and Head of the Centre for Research into Organisational Governance, De Montfort University, UK. His current research is concerned with factors affecting corporate sustainability.

Sara Abdaless is a doctoral researcher at Henley Business School, University of Reading, UK.

Redouane Barzi is currently a research professor of Marketing/Management at the National School of Business and Management (ENCG - Ibn Tofail University) and a research associate at Val de Loire Research on Management (VALLOREM - University of Orleans). He is also Vice-president of Studies and Research at the Competitive Intelligence and Strategic Management Center (CIEMS).

Mourad Oubrich is President of CIEMS and professor at INPT, Rabat, Morocco.

ABOUT THE AUTHORS

Ismail Adelopo is Associate Professor, University of the West of England, UK.

Ruby Melody Agbola lectures in the Department of Management Studies, Central Business School, Central University College, Tema, Ghana.

Samir Aguenaou is in the School of Business Administration, Al Akhawayn University, Ifrane, Morocco.

Myriam Boudiche is in the Department of Finance, Faculty of Economic Sciences and Management of Tunis, El Manar University, Tunis Cedex, Tunisia.

Brahim Boulafdour is a doctoral student at the Faculty of Juridical, Economic and Social Sciences, Fez, Morocco.

Eme Joel Efiong is Assistant Professor in the Department of Accounting, University of Caalabar, Nigeria.

Hicham Elachgar is a doctoral student at the National School of Computer Science and Systems Analysis, Rabat, Morocco.

Omar Farooq is in the Department of Business and Management, Aalborg University, Aalborg, Denmark.

Michael von Gagern is NCB Chair for Corporate Social Responsibility, King Saud University, Riyadh, Saudi Arabia.

Georgiana Grigore is Senior Lecturer in the Media School, Bournemouth University, UK.

Suan Gulliver is an independent researcher based in the UK.

EL Mansouri Moulay Hassan is a doctoral student in the laboratory of science of management, University Hassan 1st of Settat, Morocco.

Meryem Makoudi is Professor at the Faculty of Juridical, Economic and Social Laboratory CRIMAD, Fez, Morocco.

Mazen F. Rasheed is Director of the Centre for Corporate Social Responsibility, King Saud University, Riyadh, Saudi Arabia.

Boubker Regragui is Professor at the National School of Computer Science and Systems Analysis, Rabat, Morocco.

Shahla Seifi lives in the UK and is a doctoral research student at Universiti Putra Malaysia.

Evans Sokro lectures in the Department of Human Resource Management, Central Business School, Central University College, Tema, Ghana.

CHAPTER ONE

DEVELOPING A GLOBAL PERSPECTIVE

DAVID CROWTHER, SARA ABDALESS, MOURAD OUBRICH AND REDOUANE BARZI

Introduction

It seems to have become generally accepted by businesses and their managers, by governments and their agencies, and by the general public that there is considerable benefit in engaging in CSR. Consequently, every organisation will place increasing importance on its CSR policy, which will have been translated into activity. Despite the fact that many people remain cynical about the genuineness of such corporate activity, the evidence continues to mount that corporations are actually engaging in socially responsible activities, not least because they recognise the benefits which accrue. It seems, therefore, that the battle is won and that everyone accepts the need for CSR activity – all that remains for discussion is how exactly to engage in such activity, and how to report upon that activity. Even this has been largely addressed through such vehicles as GRI and ISO 26000.

There has also been a considerable change in the emphasis of corporations reporting on their CSR activities, which has taken place in recent years. This change is not just in terms of the extent of such reporting, which has become more or less ubiquitous throughout the world, but also in terms of style and content. When researching into corporate activity and the reporting of that activity in the 1990s, it was necessary to acknowledge (Crowther 2012) that no measures of social or environmental performance existed which had gained universal acceptability. Good social or environmental performance was subjectively based upon the perspective of the evaluator and the mores of the temporal horizon of reporting. Consequently any reporting concerning such performance could not easily be made, which would allow a comparative

evaluation between corporations to be undertaken. This was regarded as helpful to the image creation activity of the corporate reporting, as the authors of the script were therefore able to create an image which could not be refuted through quantificatory comparative evaluation. Instead such images could be created through the use of linguistic and non-linguistic means. Thus, each company was able to select measures which created the semiotic of social concern and environmental responsibility and of continual progress, through the selective use of measures which support these myths. As a consequence of the individual selection of measures to be reported upon, a spatial evaluation of performance, through a comparison of the performance with other companies, was not possible and a temporal evaluation was all that remained.

While this research was being undertaken, steps were being taken to change this and to develop some kind of standards for reporting. Thus, in 1999, the Institute of Social and Ethical Accountability¹ published the AA1000 Assurance Standard with the aim of fostering greater transparency in corporate reporting.

At the same time the Global Reporting Initiative (GRI) produced its Sustainability Reporting Guidelines, which have been developed through multi-stakeholder dialogue. The guidelines are claimed to be closely aligned to AA1000, but focus on a specific part of the social and environmental accounting and reporting process, namely reporting. The GRI aims to cover a full range of economic issues, although these are currently at different stages of development. The GRI is an initiative that develops and disseminates voluntary Sustainability Reporting Guidelines. These Guidelines are for voluntary use by organisations for reporting on the economic, environmental, and social dimensions of their activities, products, and services. Although originally started by an NGO, GRI has become accepted as a leading model for how social, environmental and economic reporting should take place. It aims to provide a framework that allows comparability between different companies' reports whilst being sufficiently flexible to reflect the different impacts of different business sectors.

The GRI incorporates the active participation of representatives from business, accountancy, investment, environmental, human rights, research and labour organisations from around the world. Started in 1997, GRI became independent in 2002, and is an official collaborating centre of the United Nations Environment Programme (UNEP) and works in cooperation

¹ The Institute of Social and Ethical Accountability is probably better known as AccountAbility.

with the Global Compact. The guidelines are under continual development, and in January 2006 the draft version of its new Sustainability Reporting Guidelines, named the G3, was produced and made open for feedback. The GRI pursues its mission through the development and continuous improvement of a reporting framework that can be used by any organisation to report on its economic, environmental and social performance. The GRI has become the popular framework for reporting, on a voluntary basis, for several hundred organizations, mostly for-profit corporations. It claims to be the result of a permanent interaction with many people that supposedly represents a wide variety of stakeholders relative to the impact of the activity of businesses around the world.

GRI and AA1000 provide a set of tools to help organisations manage, measure and communicate their overall sustainability performance, including social, environmental and economic factors. Together, they draw on a wide range of stakeholders and interests to increase the legitimacy of decision-making and improve performance. Individually, each initiative supports the application of the other – at least this is the claim of both organisations concerned; AA1000 provides a rigorous process of stakeholder engagement in support of sustainable development, while GRI provides globally applicable guidelines for reporting on sustainable development that stresses stakeholder engagement in both its development and content. Part of the purpose of this chapter, however, is to question the need for these standards as all the evidence concerning standard-setting here suggests that these standards are derived by consensual agreement rather than by the actions of a third party.

The EC approach

The European Union, through its Commission, has concentrated on the enactment of corporate social responsibility (CSR) as an expression of European cohesion. The Green Papers *Promoting a European framework for Corporate Social Responsibility* (EC, 2001) and *Corporate Social Responsibility: A business contribution to Sustainable Development* (EC, 2002) define the pressure from the European institutions for corporations to recognise and accommodate their responsibilities to their internal and external stakeholder community. The first document (EC, 2001: 8) described CSR as:

“... a concept whereby companies integrate social and environmental concerns in their business operations and in their interaction with their stakeholders on a voluntary basis.”

The essential point is that compliance is voluntary rather than mandatory and this voluntary approach to CSR expresses the reality of enterprises in beginning to take responsibility for their true social impact, and recognises the existence of a larger pressure exercised by various stakeholder groupings in addition to the traditional ones of shareholders and investors.² Moreover it reflects the different traditions of business and the differing stages of development throughout the community. Nevertheless the need for social responsibility is by no means universally accepted, although evidence shows that ethical and socially responsible behaviour is being engaged in successfully by a number of large corporations – and this number is increasing all the time. Additionally, there is no evidence that corporations which engage in socially responsible behaviour perform, in terms of profitability and the creation of shareholder value, any worse than any other corporations. Indeed there is a growing body of evidence³ suggesting that socially responsible behaviour leads to increased economic performance – at least in the longer term – and consequentially greater welfare and wealth for all involved.

All of this means that a wide variety of activities have been classed as representing CSR, ranging from altruism to triple bottom line reporting, and different approaches have been adopted in different countries, in different industries and even in different but similar corporations.

Defining CSR

The broadest definition of corporate social responsibility (see Aras & Crowther 2009) is concerned with what is – or should be – the relationship between global corporations, governments of countries and individual citizens. More locally the definition is concerned with the relationship between a corporation and the local society in which it resides or operates. Another definition is concerned with the relationship between a corporation and its stakeholders. All of these definitions are pertinent and each represents a dimension of the issue. A parallel debate is taking place in the arena of ethics,⁴ concerning whether corporations should be controlled through increased regulation or whether the ethical base of citizenship has been lost and needs replacing before socially responsible behaviour can ensue. However this debate is represented, it seems that it is

² We recognise however that an alternative interpretation that this voluntary approach can enable firms and governments to escape their responsibilities.

³ See Crowther 2002 for detailed evidence

⁴ We acknowledge, of course, that ISO 26000 includes ethics as a part of social responsibility.

concerned with some sort of social contract between corporations and society.

This social contract implies some form of altruistic behaviour – the converse of selfishness (Crowther & Caliyurt 2004) – whereas the self-interest of Classical Liberalism connotes selfishness. Self-interest is central to the utilitarian perspective championed by such people as Bentham, Locke and J. S. Mill. The latter, for example, advocated as morally right the pursuit of the greatest happiness for the greatest number. Similarly, Adam Smith's free-market economics is predicated on competing self-interest – recognising what he regarded as inevitable, despite his personal concern for ethical behaviour. These influential ideas put the interest of the individual above the interest of the collective. The central tenet of social responsibility, however, is the social contract between all the stakeholders of society, which is an essential requirement of civil society. This is alternatively described as citizenship, but for either term, it is important to remember that social responsibility needs to extend beyond present members of society. Social responsibility also requires a responsibility towards the future and towards future members of society. Subsumed within this is, of course, a responsibility towards the environment because of implications for other members of society both now and in the future.

Regulation of standards

Much of the broader debate about corporate social responsibility can be interpreted, however, as an argument between two positions: greater corporate autonomy and the free market economic model versus greater societal intervention and government control of corporate action. There is clear evidence that the free market proponents are winning the argument. They point to the global spread of capitalism, arguing that this reflects recognition that social wellbeing is dependent on economic growth. Opponents concede this hegemony but see the balance shifting in their favour, through, for example, greater accountability and reporting. Some opponents, however, suspect that the corporate team is cheating on its obligations to both the ecological and social dimensions of behaviour, while others object fundamentally to the idea that a free market economy is beneficial to society.

Resolving these arguments seems intractable, if not impossible, because they assume divergent philosophical positions in the ethics v. regulation debate, as well as in more fundamental understandings of human nature. We do not propose to offer any definitive answers since any

attempt to do so would itself involve making value judgements. We can, however, examine the debated territory. Moreover, we can look for evidence of the relationship between economic growth, as manifest through corporate profitability, and socially responsible behaviour in an effort to resolve this seemingly dichotomous position. It has been argued elsewhere (e.g. Crowther & Jatana, 2005) that the creation of shareholder value is often not through the operational activities of the firm but rather through the externalisation of costs, which are passed on to customers, employees and other stakeholders, including society at large. Examples of this practice are evidenced elsewhere and it seems that companies adopt a philosophy that no stakeholder matters in isolation.

There is, however, a growing body of evidence (e.g. Crowther & Caliyurt, 2004) which shows a link between socially responsible corporate behaviour and economic profitability which is reinforced by much of the research into socially responsible investment funds. This evidence, however, suggests that there is a positive relationship between the two if a longer term view of corporate performance is recognised.

Similarly there have been many claims (see Crowther 2000) that the quantification of environmental costs and the inclusion of such costs into business strategies can significantly reduce the operating costs of firms; indeed this was one of the main themes of the 1996 Global Environmental Management Initiative Conference. Little evidence exists that this is the case, but Pava and Krausz (1996) demonstrate empirically that companies which they define as 'socially responsible' perform in financial terms at least as well as companies which are not socially responsible. It is accepted, however, that different definitions of socially responsible organisations exist and that different definitions lead to different evaluations of performance between those deemed responsible and others. Similarly, in other countries, efforts are being made to provide a framework for the certification of accountants who wish to be considered as environmental practitioners and auditors. For example, the Canadian Institute of Chartered Accountants is heavily involved in the creation of such a national framework. Azzone, Manzini and Noel (1996), however, suggest that despite the lack of any regulatory framework in this area, a degree of standardisation, at least as far as reporting is concerned, is beginning to emerge at an international level, one of the central arguments of this chapter.

Growth in the techniques offered for measuring social impact, and reporting thereon, has continued throughout the last twenty-five years, during which time the concept of this form of accounting has existed. However, the ability to discuss the fact that firms, through their actions,

affect their external environment and that this should be accounted for has often exceeded within the discourse any practical suggestions for measuring such impact. At the same time as the technical implementation of social accounting and reporting has been developing, the philosophical basis for such accounting – predicated in the transparency and accountability principles – has also been developed. Thus, some people consider the extent to which accountants should be involved in this accounting and argue that such accounting can be justified by means of the Social Contract as benefiting society at large. Others have argued that sustainability is the cornerstone of social and environmental accounting and that auditing should be given prominence.

An examination of the external reporting of organisations gives an indication of the extent of socially responsible activity. Such an examination does indeed demonstrate an increasing recognition of the need to include information about this, and an increasing number of annual reports of companies include some information in this respect. This trend is gathering momentum as more organisations perceive the importance of providing such information to external stakeholders. It has been suggested however that the inclusion of such information does not demonstrate an increasing concern with the environment, but, rather, some benefits – for example, tax breaks – to the company itself. One trend which is also apparent in many parts of the world, however, is the tendency of companies to produce separate social and environmental reports. In this context, such reports are generally termed CSR reports or Sustainability Reports, depending upon the development of the corporation concerned. This trend is gathering momentum as more organisations realise that stakeholders are both demanding more information and are also demanding accountability for actions undertaken. Equally, the more enlightened of these corporations are realising that socially responsible activity makes good business sense and actually assists in improving economic performance.

This realisation obviates any need for regulation and calls into question the standards suggested by such bodies as accountability. The more progressive corporations have made considerable progress in what they often describe as their journey towards being fully socially responsible. In doing so, they have developed an understanding of the priorities for their own business – recognising that CSR has many facets and needs to be interpreted differently for each organisation – and made significant steps towards both appropriate activity and appropriate reporting of such activity. The steps towards CSR can be likened to increasing maturity as all organisations progress towards that maturity by passing through the

same stages (see below), although at different paces. The most mature are indeed recognising the nature of globalisation by recognising that the organisational boundary is permeable (see Crowther & Duty, 2002) and that they are accountable also for the behaviour of other organisations in their value chain.

Developing a typology of CSR activity

The preceding analysis makes possible the development of a typology of CSR maturity. It would be relatively easy to develop a typology of CSR activity based upon the treatment of the various stakeholders to an organisation but, as Cooper et al. (2001) show, all corporations are concerned with their important stakeholders and make efforts to satisfy their expectations. Thus, a concern with employees and customers is apparent in all corporations, being merely a reflection of the power of those stakeholder groupings rather than any expression of social responsibility. Similarly, in some organisations, a concern for the environment is less a representation of social responsibility and more a concern for avoiding legislation or possibly a reflection of customer concern. Such factors also apply to some expressions of concern for local communities and society at large. It is, therefore, inappropriate to base any typology of CSR activity upon the treatment of stakeholders, as this is often based upon power relationships rather than a concern for social responsibility, and it is not realistic to distinguish between the motivations.

A different typology is therefore proposed – one which is based upon the three principles of social responsibility outlined earlier. Moreover, it shows the way in which CSR develops in organisations as they become more experienced and more convinced of the benefits of a commitment to this form of corporate activity. The development of this typology is based upon research and interviews with CSR directors and concerned managers in a considerable number of large corporations, many of which are committed to increasing social responsibility. It demonstrates stages of increasing maturity.

| Stage of development | Dominant feature | Typical activity | Examples |
|-----------------------------|---------------------------|--|---|
| 1 | Window dressing | Redesigning corporate reporting | Changed wording and sections to reflect CSR language (see Crowther, 2004) |
| 2 | Cost containment | Re-engineering business processes | Energy efficiency programmes |
| 3 | Stakeholder engagement | Balanced scorecard development | Customer / employee satisfaction surveys (See Cooper et al., 2001) |
| 4 | Measurement and reporting | Sophisticated tailored measures | CSR reports |
| 5 | Sustainability | Defining sustainability: re-engineering processes | Sustainability reporting |
| 6 | Transparency | Concern for the supply chain: requiring CSR from suppliers | Human rights enforcement: e.g. child labour |
| 7 | Accountability | Reconfiguration of the value chain | Relocating high value added activity in developing countries |

Fig 1.1: Stages of Maturity of CSR activity. From Crowther, 2008

This can be explained as stages of growth reflecting increased maturity. The stages can be elaborated as follows:

Stage 1 Window dressing

The initial engagement with CSR was to change corporate reporting to indicate a concern for CSR without any actual change in corporate behaviour. This is the stage which led to accusations of green-washing. It is also the stage which most observers of corporate activity continue to

see, even though, in reality, probably every organisation has progressed to a stage of greater maturity

Stage 2 Cost containment

Corporations are always of course looking at their processes and seeking to operate more efficiently, thereby reducing costs. Organisations have realised that some of these can be represented as CSR activity – with things like energy efficiency or water efficiency being obvious examples. So there is a double imperative for this kind of activity – to improve financial performance and also improve their socially responsible image. Not surprisingly, therefore, corporations quickly moved from stage 1 to this stage – where action has been taken even though it is not necessarily motivated by a sense of social responsibility.

Much of this kind of activity is easy to undertake and requires very little in the way of capital investment. Naturally, this activity has been undertaken first. Activities requiring capital investment have a longer payback period and tend to be undertaken more cautiously, with the threat of regulation often being needed to encourage organisations to adopt such activities. All organisations have also progressed through this stage, although it must be recognised that the possible actions available at this stage will probably never be completed by most organisations. Cost containment remains ongoing even when the easier targets have been addressed.

Stage 3 Stakeholder engagement

As stated earlier, all corporations are concerned with their important stakeholders and make efforts to satisfy their expectations. Thus, a concern with employees and customers is apparent in all corporations, being merely a reflection of the power of those stakeholder groupings rather than any expression of social responsibility. Similarly, in some organisations, a concern for the environment is less a representation of social responsibility and more a concern for avoiding legislation or possibly a reflection of customer concern. Such factors also apply to some expressions of concern for local communities and society at large. For CSR, though, this concern has become formalised, often through the development of a balanced scorecard and such things as customer or employee satisfaction surveys. Most organisations have also progressed through this stage, with such activity being embedded into normal ongoing business practice.

Stage 4 Measurement and reporting

Some companies have been practicing social and environmental reporting for 15 years, but for many, such behaviours are more recent. Now most companies – certainly most large companies – provide this information in the form of a report. Over time, these reports have become more extensive and more detailed with a broader range of measures of social and environmental performance being included. As such, most organisations have reached this stage of maturity. The problem with this stage, however, is that at the moment there are no standards of what to report and so organisations tend to report different things, thereby hindering comparability. Organisations such as AccountAbility, with its AA1000 standard, and the Global Compact have sought to redress this through the introduction of standards, but none have gained universal acceptance. Consequently, it is probably true to state that this is the current stage of development for most organisations.

Stage 5 Sustainability

The discourse of sustainability has become as ubiquitous as the discourse of CSR, and Aras & Crowther (2007a) report that every firm in the FTSE100, for example, mention sustainability, with 70% of them focusing upon this. Any analysis of these statements regarding sustainability, however, quickly reveals the uncertainty regarding what is meant by this sustainability. Clearly, the vast majority do not mean sustainability as defined by Aras & Crowther (2007b), or as defined by the Brundtland Report. Often, it appears to mean little more than that the corporation will continue to exist in the future. A full understanding of sustainability would imply radical changes to business practice and a significant amount of process re-engineering, and there is little evidence that this is happening. So we argue that most companies are only starting to reach this stage of maturity and to grapple with the issues involved.

Stage 6 Transparency

One of the biggest issues of the moment – certainly in Europe – is the question of firms accepting responsibility for what happens further along their supply chain. This is something that has been brought about largely because of customer pressure and has come about because of the revelations made about such things as child labour, slavery and other human rights abuses. So it is no longer acceptable for a firm to say that

what happens in a supplying firm – or even the supplier of a supplier – is not their responsibility. Popular opinion says for companies that the firm is responsible for ensuring socially responsible behaviour among their suppliers as well as in their own company. Thus there have been examples of some very large companies – such as Gap or Nike – acknowledging responsibility and taking appropriate action to ensure change.

This is an issue which is growing in importance and is being addressed by the more mature (in CSR terms) companies. Thus it is claimed that some companies are at this stage in their maturation, although this is still only a minority of companies.

Stage 7 Accountability

The final stage represents our wishes rather than actuality – at least so far! It is based upon the fact that multinational organisations can decide where to locate their operations and that all high value added operations are located in developed countries. For many it would be relatively easy to transfer to less developed countries, and if that happened then the company would be making a real contribution towards effecting change. We argue that there is no real cost involved – just that corporations should seek to do this to benefit society rather than simply for cost minimisation.

Essentially the argument being made here is that CSR must be considered as a process of development for every organisation – a process which is still taking place. Furthermore, every organisation goes through the same stages in the same chronological order⁵. Thus, the leading exponents of CSR are only now beginning to address stage 6 and possibly consider stage 7. Less developed corporations are at lower stages of development. What is significant about this, however, is that our argument is that sustainability only starts to be recognised once a company has reached stage 5 of its development. More significantly, stages 6 and 7 are essential for true sustainability, as it is only then that an organisation recognises – and acts upon the recognition – that it is an integral part of a value chain and that sustainability depends upon the actions of the complete value chain. In other words, an organisation cannot be sustainable without its suppliers and customers. At the moment, it is doubtful if organisations recognise this and whether any organisation is (yet) truly sustainable.

⁵ This can be likened to Erikson's stages of growth for human beings, of which (coincidentally) there are also 7.

Crisis and accountability

The events that marked 2011⁶, from the Arab Spring revolutions to the different collapses in the financial markets in the western world and the Euro Debt Crisis in Europe, all have in common the issue of governance. The numerous different types of media, especially social media, have contributed to the rapid spread of the awareness of governance issues and enabled unprecedented numbers of people to manifest their fury about the lack of governance in the management of not only firms and markets, but whole countries and regions.

Governance crises were originally known mainly in the corporate world, where scandals such as Enron and News International have captured the attention of the media and have been the number one subject of discussion for many; now, however, they have been transferred to entire nations, where citizens claim the right to change things the better and to have the last say. The main claims that the people have been making are centred around the establishment of accountability mechanisms that were absent, as well as real governance reforms that will lead to democracy. The causes of the problems that happened in both the Arab and Western worlds have been divergent; however, the consequences were similar: street protests and a lack of confidence by citizens, investors, rating agencies and international organisations. This shows how much governance is at the heart of a prosperous and durable organisation, whatever size or kind it is, from small and medium companies, multinational corporations, non-governmental organisations, to governments and states.

This led to the 2012 Organisation Governance conference⁷ which focused on the importance of accountability, and how it varies from one environment to another, as well as how governance can be practised effectively in the shadow of the turmoil and unrest in the Arab and Western worlds, taking into consideration the specificities of each and every culture. The issue of rules-based or principles-based governance is also still to be discussed, especially as different parts of the world have different cultures and beliefs. The question that could be asked is whether the raising of awareness combined with the stakeholders' power in claiming their rights, is enough to change people's mentalities and behaviours in order to achieve a well-governed organisation, or country.

⁶ 2011 was just prior to the conference from which this book was the outcome.

⁷ Held in Rabat, Morocco in 2012 as the 2nd annual conference of the Research in Organizational Governance Network – see <https://sites.google.com/site/researchogn/home>.

This book aims to address these issues and posit answers. So let us turn to the other chapters in this volume.

In the next chapter, Crowther et al. state that business competition comes in many different forms and includes a great variety of competitors. Successfully positioning the enterprise, properly deciding on the correct allocation of resources, and deciding what an acceptable level of performance might be in such a competitive environment are key tasks of decision makers. This article attempts to shed light on the extent to which competitive intelligence (CI) impacts on corporate governance, that is, how competitive intelligence allows company to compete and deliver value to its stakeholders. This issue is worthwhile insofar as it provides a new way for companies to develop new frameworks that hold together competitive intelligence and corporate governance. The approach taken by the authors is to obtain insight and views on how competitive intelligence influences corporate governance. To that end, a range of recent research literature publications on competitive intelligence, and governance within organizations is reviewed to explore the link between competitive intelligence and corporate governance. Findings reveal the representation of cross-disciplinary literature which emphasises the multi-faceted role which competitive intelligence plays in a modern organisation. The chapter identifies the extent to which competitive intelligence is utilised within organisations, as tool to enhance corporate governance, and identifies the benefits or problems that are experienced by implementing and using competitive intelligence as an input to corporate governance and what value competitive intelligence adds in the decision-making process.

In the following chapter, Gulliver commences by stating that Organisational Governance is a term used to describe a field of academic research that focuses on the way organisations are governed. It includes a wide range of issues relating to all aspects of “management”, particularly the management of companies or corporations in the private sector. The term management can be applied equally to other types of groups of people, apart from corporations, such as public sector organisations and even individuals, so their governance issues are also discussed. The organisational governance mechanisms in place today are inadequate. Too many issues are not addressed at all and many others need improvement. Her chapter explores some of the possible meanings of the terms organisational, governance and organisational governance, leading to some useful insights and more precise descriptions of some of the issues that are being addressed. These 3 propositions are developed and discussed in detail.

Crowther and Seifi, in chapter 4, begin from the premise that, as the world moves into an era of depleted environmental resources coupled with global warming, accounting seeks to adapt to address the needs of businesses in this new environment. Thus, the discourse becomes one of accounting for sustainability. In this chapter, they argue that sustainability cannot be achieved through accounting until the notion of equity is included and accounting adapts from a focus upon efficiency to a focus upon equity. In doing so, they highlight the various problems which they consider need to be addressed. Following this, Elachgar et al. deal with the 4th wave of the Information Security as a new approach to the governance of information security. After introducing the four waves of information security, the writers focus on the most recent part. In addition, following the PDCA approach (Plan, Do Check, Act), they then establish an inventory of information systems with the SoM (Statement of Maturity), a risk assessment of assets, a business continuity plan to ensure a resumption of IT.

In the first part of the book, we have considered theoretical aspects of the relevant issues. In the second part we turn to an examination of different sectors, starting with a chapter by Efiong and Crowther considering accountability in public government in Africa. They start from the position that, all over the world, governance crises have become a recurrent decimal in recent times, arguing that these crises are traceable to a lack of accountability in governance. Although accountability is a concept that is difficult to define in precise terms, it exists where there is the demand for the justification for a function or task that is performed by an individual or body for another individual or body. The available literature distinguishes between two major stages of accountability; namely ‘answerability’ and ‘enforcement’. While the answerability stage involves the responsibility of the government, its agencies or public office holders to provide information concerning their actions and the justification for taking such actions to the public or any other institutions that provide them with oversight functions, enforcement on the other hand is the stage where the public or institutions with oversight functions seek ways to correct the infringement or sanction the offending party. It has been observed that, many times, human beings have to be ‘pushed’ to do what they are supposed to do. This chapter, therefore, examines the theoretical perspectives of accountability in public governance with an emphasis on enforcement. It is the authors’ view that the enforcement of accountability in governance will ultimately assist in correcting the behaviours of those in public governance, thereby resulting in good governance.

In the next chapter, Farooq and Aguenaou consider web traffic and firm performance to decide whether the traffic generated by websites of firms signals anything to stock market participants. This chapter aims to answer these questions by documenting a positive relationship between the extent of web-traffic and firm performance in the MENA region during 2010. They argue that higher web-traffic lowers the agency problems in firms by disseminating more information to stock market participants. Consequently, lower agency problems translate into better performance. Furthermore, they also show that the agency-reducing role of web-traffic is more pronounced in regimes where the information environment is already bad. For example, the results show the stronger impact of web-traffic on firm performance in civil law countries, firms with concentrated ownership, and firms with more intangible assets. All of these groups are characterized by higher agency problems. Their results, therefore, indicate that web-traffic can play a substitute role for traditional governance mechanisms in the MENA region.

In the subsequent chapter, Seifi and Crowther consider the governance of domestic energy consumption. They commence by stating that, in the ever-increasing worldwide attention to the concept of sustainable development, the pillars of which are economic, social and environmental development, industrial engineering as the champion of productivity has not really received major attention. This is unfortunate as one can see it as the toolkit to attain sustainable development because industrial engineering is concerned with productivity as the measure for production and service efficiency. Without this, it would be difficult to quantify the quality aspects of sustainable development, including, for example, those related to the environment. And without this there would be a difficulty in evaluating the integrated systems of man, money, materials, energy, knowledge, information and equipment, which are all instances of these three pillars. Energy efficiency is one route towards minimising environmental impact. Minimising such impact is one important factor in achieving sustainability and therefore making sustainable development possible. In this chapter, they show the use of industrial engineering tools like risk analysis to assess how sustainable our current energy consumption is, and so refrigerators are taken as the sample for such analysis. This is due to the general usage of refrigerators by all people everywhere and due to its major role in worldwide energy consumption. Energy labels are nowadays a common feature of refrigerators put into the market for sale, although this trend is diverse in different parts of the world, which signals non-harmonized comprehension of sustainable development in the world. This is explored in this contribution at a

theoretical level to show that industrial engineering tools and techniques have a contribution to make to sustainability.

In the next chapter, the final in Part 2, Rasheed and Gagern consider Saudi Arabia, starting from the premise that, by the year 2030, the likelihood of Saudi Arabia needing all the oil they produce for internal use is very high. They then consider how Saudi Arabia can make sure that it will continue to have something to sell in the global market. Possibilities considered include solar technology, infrastructure management, E-government, E-learning and education, date products, perfume, gold and zinc, as well as tourism. The authors examine issues, including whether this will all be enough to safeguard a decent standard of living and whether self-reliance is an alternative path towards sustainable development. This scenario is particularly interesting as, contrary to many other Arab states, Saudi Arabia seems to still have the time and resources to contemplate and experiment with alternative developmental strategies. And the discussion is particularly interesting in the context of conflicting interests between global governance and local government issues.

The final part of the book looks at regional issues and understandings, starting naturally with Morocco. In the first chapter of this part, Hassan proposes an approach to set up a relevant and simple methodology to improve the capacity of management to manage the new practices of organizational sustainable development, to federate the actions and to strengthen the governance and the piloting of the company. The purpose of this methodology is to bring to managers a real strategic decision-making support, allowing them to act on all the levels of improvement of the company performance.

This is followed in the next chapter by Agbola and Sokro's concern with judgement debt in Ghana. The purpose of their research was to analyse the issues related to the recent scandals over government accountability in payments of the judgement debt in Ghana. The study investigates the extent to which the public institutions of accountability and mechanisms of control operate effectively to ensure that those who exercise power account for their stewardship in the use of public funds. The research procedure applied was mainly the careful analysis of source materials, including newspaper articles, parliamentary proceedings, government documents and public reports, as well as radio and television reports. A 6-item survey questionnaire was also administered to the general public to ascertain public opinion on the issues. Their findings reveal that blatant disregard for the public procurement laws, illicit abrogation of contracts, weak institutions of accountability, a catalogue of errors, negligence, and the sometimes deliberate corruption of government,

private and corporate officials resulted in the fraudulent payment of colossal sums of money to the judgement debt. The study is particularly significant to international and corporate bodies doing business with the Republic of Ghana in that it alerts these institutions of the importance of ensuring that all the stipulations of the country's financial and procurement laws are carefully observed when entering into a contract with the government to avoid future abrogation and ensure restitution in the event of government default.

In the final chapter in this part, Abdaless and colleagues investigate risk management in UK city councils. The financial crisis had a knock out effect on the economy of the UK as it affected businesses as well as the public and not-for-profit sector. The lack of research regarding governance in the public sector and its importance in the global economy and the wider stakeholders it affects, was the main driver in carrying out this study. The chapter studies the implication of the global financial crisis translated into budget cuts within the public sector in the UK on governance in local councils, focusing on risk management and accountability. The chapter begins by highlighting the stakeholder theory and governance in the public sector, before emphasising the methodology adopted in this research, and analysing the data collected. The last part of this article is devoted to discussing the findings and conclusions. This research explored the gap in the literature regarding governance in the public sector. The findings of this research proved that there is a direct impact of the crisis on the general management of people and resources in local government. The risk management ability of these councils has been affected and a range of stakeholders have been directly impacted by the crisis, whether these are employees of the council or the communities in which the councils are operating.

This is followed by the final concluding chapter in the book, in which the editors try to bring this together and summarise with the aim of moving towards the development of a theoretical basis of governance, which was the intended outcome of the conference from which these chapters ensue. The authors and editor hope that you find them stimulating.

References

- Aras G & Crowther D (2007a); What level of trust is needed for sustainability?; *Social Responsibility Journal* 3 (3), 60-68
- Aras G & Crowther D (2007b); The Development of Corporate Social Responsibility; *Effective Executive*; Vol. X No 9, September 2007 pp. 18-21

- Aras G & Crowther D (2009); *The Durable Corporation: strategies for sustainable development*; Farnham; Gower
- Azzone G, Manzini R & Noel G (1996); Evolutionary trends in environmental reporting; *Business Strategy and Environment*, 5 (4), 219-230
- Cooper S, Crowther D, Davies M & Davis E W (2001); *Shareholder or Stakeholder Value? The development of indicators for the control and measurement of performance*; London; CIMA
- Crowther D (2000); *Social and Environmental Accounting*; London; Financial Times prentice Hall
- Crowther D (2008); The Maturing of Corporate Social Responsibility: A Developmental Process; in D Crowther & N Capaldi (eds.), *Research Companion to Corporate Social Responsibility*; pp. 19-30; Aldershot; Ashgate
- Crowther D (2012); *A Social Critique of Corporate Reporting; Semiotics and web-based integrated reporting*; Farnham; Gower
- Crowther D & Caliyurt K T (2004); Corporate social responsibility improves profitability; in D Crowther & K T Caliyurt (eds.), *Stakeholders and Social Responsibility*, Penang; Ansted University Press; pp. 243-266
- Crowther D & Duty D J (2002); Operational performance in post-modern organisations - towards a framework for including time in the evaluation of performance; *Journal of Applied Finance*, May, 23-46
- Crowther D & Jatana R (2005); Modern epics and corporate well-being; in D Crowther & R Jatana (eds.), *Representations of Social Responsibility*; Hyderabad; ICFAI University Press; pp. 125-165
- European Commission (EC, 2001), *Green Paper – Promoting a European framework for Corporate Social Responsibility*, COM (2001) 366 final, Brussels: Official publications of the European Commission, July 18.
- European Commission (EC, 2002), *Corporate Social Responsibility: A business contribution to Sustainable Development*, COM (2002) 347 final, Brussels: Official publications of the European Commission, July 2.
- McLuhan, M & Fiore, Q (1968). *War and Peace in the Global Village*. San Francisco: Hardwired.
- Pava M L & Krausz J (1996); The association between corporate social responsibility and financial performance: the paradox of social cost; *Journal of Business Ethics*, 15 (3), 321-357

