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Guest editorial introduction

Delphine Gibassier, Jonathan Maurice, Charles H. Cho

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Guest Editors' Introduction

Sustainability Accounting, Management and Policy in France

This Special Issue originates from the 4th French Conference on Social and Environmental Accounting Research (4th CSEAR France Conference) that took place in May 2017 at Toulouse Business School. This conference, which has been taking place every two years since 2011, consolidates a growing network of French and international researchers interested in social and environmental accounting (SEA). While this Special Issue is in collaboration with the 4th CSEAR France Conference, the *Call for Papers* was open and public, hence welcoming any researcher interested in the French context to submit a manuscript.

France has a long tradition of evolving social and environmental regulations that drive the reporting practices and accountability frameworks of companies. Given this context, French companies have had the opportunity to develop original tools to comply with regulations and better manage their social and environmental impacts. We believe that such unique national environment provides a fruitful setting to analyze companies' responses to legal and institutional pressures – both from a historical but also a contemporary perspective regarding the most recent (and still ongoing) legal changes. With the objective to encourage contributions of interest to an international audience, we opened the *Call for Papers* to a broad range of topics and methodologies investigating the development of tools, practices, regulations, roles and professions in relation to social and environmental accounting research in France. At the end of the review process, three broad topics emerged from the initial submissions received for the Special Issue. First, a cluster of three papers analyze the development of social and environmental accounting tools and practices from a historical, cross-sectional and longitudinal perspective. Second, another cluster of two papers highlight the influence of the French institutional context and regulations on corporate reporting, accounting and assurance practices. Finally, the last paper of the Special Issue focuses on the accounting profession by investigating the sustainability education of French professional accountants in the context of increasing legal requirements for sustainability reporting and auditing.

The development of social and environmental accounting tools and practices

The first article written by Nicolas Antheaume has been solicited by the Special Issue Guest Editors to provide a historical analysis of SEA in France. Based on three case studies, the author emphasizes the main progress in the development of SEA in France – from the emergence of broader environmental concerns to more recent and specific environmental regulations. He documents that the development of tools like the *bilan social*, the *écobilan*, or the *bilan carbone*, was shaped by French elites both in government and industry to defend their interest at the national and international level. These tools helped France's interest coincide with French industry interest and influence international standardization and regulation. The author also highlights that this French elite comes mainly from the engineering field where mathematics rule decision-making processes. As a result, environmental tools were very quantitative in measuring environmental or social performance while maintaining a “depoliticized” vision of environmental issues governed by optimization schemes rather than societal debates.

In the second article of the Special Issue, Moez Essid and Nicolas Berland analyze the adoption of environmental management systems (EMS) in eight big French companies relying on the organizational capability framework. They document how the specific combination of certain organizational capabilities contribute to create EMS fully integrated to performance management systems rather than isolated EMS. They explain the origin of these different capability combinations by examining the antecedent factors leading to capabilities. Specific antecedent factors (such as top executives' personal engagement toward corporate social responsibility, pre-existing organizational processes for environmental management, pressures

from regulators, etc.) can generate organizational routines necessary to develop organizational capabilities. The comparative analysis of these eight companies lead the authors to conclude that the endowment heterogeneity in internal and external antecedents creates very different routines and organizational capabilities at the origin of EMS development. This heterogeneity can thus explain why some companies have developed integrated EMS while others kept them isolated from their overall performance management systems.

The third article by Charles Zinsou provides a longitudinal analysis aimed to determine the extent to which French companies' annual reports are integrated, or not. The author disentangles a French paradox according to which—while most of companies should have adopted an integrated reporting <IR> approach, only a few provide a so-called integrated report. Indeed, there is a long (mandatory) tradition of reporting environmental and social information in France, which should have fostered the adoption of <IR> like in other European countries. The author analyzes his results through the lens of the National Business System theoretical framework with a focus on the French cultural and legal specificities. Through a content analysis based on the adaptation of previous coding grids with elements from the International Integrated Reporting Council framework (2013) and from Paternostro's typology (2013), the author documents the evolution of the integration level of the CAC 40¹ companies' annual reports over nine years. His study results suggest that if companies integrate more and more sustainable development information into their strategic vision and have expanded their dialogue to other stakeholders than employees and shareholders, the necessary connectivity between all kinds of information is still lacking to make an annual report fully integrated.

The influence of the institutional context on reporting, accounting and auditing practices

In the fourth article of the Special Issue, Géraldine Rivière-Giordano, Sophie Giordano-Spring and Charles H. Cho² investigate whether different the level of assurance statements of environmental disclosures affects investment choices. Specifically, the authors conduct an experimental study in the particular and historical French context where environmental assurance was voluntary until 2012 (and became regulated and mandatory since then) on a sample of financial analysts to examine whether (1) positive environmental disclosure and (2) a higher level of environmental assurance statement on environmental disclosure increases investor assessment. Results indicate that environmental disclosure has a positive impact on investment but – more surprisingly – financial analysts are less likely to give recommendations in favor of a company providing environmental disclosure with low-level assurance than for one with no assurance statement at all. Consequently, given that in a voluntary assurance setting *no assurance appears better than limited assurance*, firms may prefer to either engage in a high level of assurance or provide no assurance rather than minimize their financial efforts and resources to select a lower level of voluntary assurance regarding environmental disclosure.

The fifth article by Sana Triki Damak examines the relation between gender board diversity and earnings management of French companies. Since 2010, French regulation has been putting pressure on companies to appoint more women on the board of directors with a final objective of strict equality. In this context of mandatory requirements, the author investigates the influence of more gender-diverse boards on the level and strategies of earnings management. The results show that more women on boards contributes to a decrease in the level of earnings management, indicating that women directors improve the efficiency of the board monitoring role. However, more women on boards does not significantly change the way earnings

¹ The CAC (*Cotation Assistée en Continu*) 40 is a benchmark French stock market index capitalization-weighted measure of the 40 most significant values among the 100 highest market caps on the Euronext Paris.

² The review process for the article by co-guest editor Charles H. Cho was directly handled by the Editor of *Sustainability Accounting, Management and Policy Journal*.

management is practiced; that is, contrary to prior evidence from the literature, women directors do not apply more conservative earnings management strategies than their counterpart men. Overall, this article demonstrates that the French law on gender equality in boards of directors appears effective in enhancing earnings quality and confirms that women discrimination is both unethical and economically undesirable.

Education in sustainability of French professional accountants

In the last, but not least, article of the Special Issue, Emilio Boulianne, Leanne S. Keddy and Maxence Postaire examine the education program of French professional accountants relating to sustainability issues. They aim to disentangle a paradox in which French regulation requires more and more social and environmental information to be disclosed by companies, and this information to be audited by a third party, while professional accountants are not intensively trained at sustainability accounting. Through interviews and documents' analysis, the authors confirm that sustainability has low priority in accounting education and explain the French paradox by various factors. First, the government set the education agenda for professional accountants and appears not to consider sustainability accounting as one of their key competencies. Second, budget constraints on public funding tend to limit the number of hours dedicated to the training of accountants, leaving no time for new topics – such as sustainability accounting – to be introduced. Third, because the government does not include sustainability education, it discharges the responsibility of such training to public accounting firms which must ensure that the required needs of sustainability reporting and assurance are satisfied. Consequently, training in sustainability accounting of professional accountants remains insufficient in France.

Overall, the six articles of the Special Issue speak to three broad topics yet specific to sustainability accounting in France. First, they provide a historical, cross-sectional and longitudinal analysis of sustainability accounting tools which originate or become particularly developed in the French context, such as the *bilan social*, the *bilan carbone*, the *écobilan*, integrated environmental management systems and integrated reporting. Then, a peculiar focus is made on the unique influence of pioneering French environmental and social regulations on accounting, reporting and auditing practices. Finally, the paradox between the needs generated by these regulations and the absence of training in sustainability of professional accountants is well documented. We believe these contributions on the French context provide original insights with a strong likelihood to foster in-depth discussions and debates on the best ways to encourage the adequate development of sustainability accounting, management and policy in France.

Discussion and future research

The Special Issue's focus on the specific French historical, cultural and institutional context has highlighted how it fostered the creation and adoption of sustainability accounting tools. However, the creation, diffusion and adoption of innovations are not only embedded locally but also interrelate with the broader international context. Tools created in France (such as *écobilan* or *bilan carbone*) influenced international diffusion and vice-versa – their international journey has influenced back how they are being used in France. Given how local and transnational routes of sustainability accounting innovations are entangled, this area will need further research. The very local influence that makes up the “identity” of a sustainability innovation will determine further its journey in other countries. Future research could highlight the historical, cultural and institutional influences along an innovation's journey (e.g., material flow cost accounting from Germany to Japan back to being used in Northern Europe). For example, how French companies adopt “integration” or go about integrated reporting is shaped by the

Grenelle 2 law, but further adoption of <IR> in other countries could follow cross cultural influences and innovation.

The French auditing context has created a specific arena for extensive experimentation in CSR/environmental audits. Further research could be developed to examine the longitudinal impact of the Grenelle 2 audit obligations, how they shape audit teams (with the inclusion of financial auditors in non-financial audits) and how they influence the way both financial audits (which include non-financial elements) and specific non-financial audits are conducted.

Finally, the last paper tackles the paradox that has been demonstrated in the past—why does the accounting profession *not* integrate sustainability into its practices despite a favorable local and global context? Further comparative studies of different (non)-integration schemes into different national chartered accounting systems could shed light on what works best and what influences the profession most in this matter. Moreover, future research could explore the experiments that happen at the margin of the accounting profession on sustainability, such as the CARE³ method in France, or the recent development of sustainability CFOs and accountants in French companies.

Delphine Gibassier
Jonathan Maurice
Charles H. Cho
Guest Editors

³ *Comptabilité Adaptée au Renouvellement de l'Environnement* (CARE) is an accounting method that takes into consideration a company's actual commitment to sustainability by eliminating the gaps between financial and environmental management.

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