

AN INTELLIGENCE SERVICE FROM FOREVER SUSTAINABLE | ISSUE #12

# SUSTAIN ABILITY *BRIEFING*

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# Little diversity

*among partners in Big 4 audit firms*



**>>> RESEARCHERS IN GERMANY** conducted a large-scale, longitudinal study to analyse who makes partner in Big 4 audit firms. They analysed a set of Big 4 senior managers and directors to identify determinants of making partner, as well as distinct auditor characteristics for career success within Big 4 audit firms.

Findings of the study indicate that auditors from foreign backgrounds and female auditors have a lower likelihood of making partner. No evidence was found to suggest that providing high audit quality affects the likelihood of a promotion.

Results also showed that economic, social, institutionalised and cultural capital as well as demographics matter for making partner in Big 4 audit firms. Specifically, winning new public clients, engaging in formal and informal networking opportunities, showing loyalty to the company, holding credentials, and demonstrating ambition were found to have an impact on the likelihood of making partner. ■



**SOURCE:** Accounting, Organizations and Society  
<https://www.sciencedirect.com/science/article/pii/S036136821830271X>

## M-Pesa as best practice for *social value creation*

**>>> BASED ON A CASE** study analysis of M-Pesa, a boundary-spanning (i.e., multi-stakeholder) mobile money system in Kenya, researchers built an integrative framework that identifies points of social value creation and the primary and secondary stakeholders that create and capture this value. The research study identifies three key components of social value – consumer value, producer value, and stakeholder value (which includes value for shareholders, local communities and the government).

Results of the case study analysis indicate that information and communications technologies (ICTs) can enable innovative business models that enhance social value creation by reducing the costs

of coordinating boundary-spanning activity systems. However, the same strategies that can advance social value creation can also increase inequalities among stakeholders. The authors caution that creating social value therefore entails managing some delicate trade-offs between enhancing total value and avoiding the unfair process of value appropriation. ■



**SOURCE:** Business & Society  
<https://journals.sagepub.com/doi/10.1177/0007650320982283>



# CSR

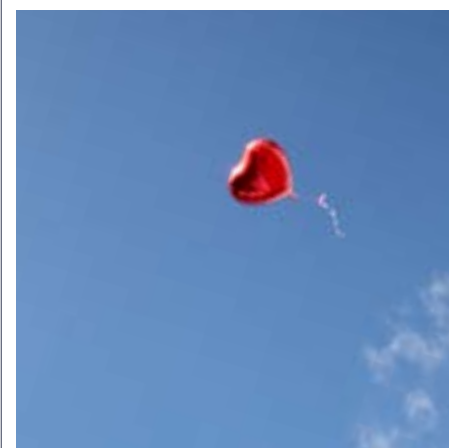
## The value of having NGO Directors on Boards in companies

»»» **A RESEARCH PAPER** investigated what types of companies are more likely to have NGO directors on their boards, as well as the effects these directors may have on the company's strategic outcomes, within a CSR context. Based on an analysis of all firms included in the S&P 500 from 2010-2016, the authors found the following results:

- The number of NGO directors serving on a company's board in a given year is *positively* related to the extent to which the company displays poor CSR performance in the *prior* year.
- NGO directors on boards aren't associated with immediate improvements in CSR performance. In fact, their positive influence on CSR performance tends to take hold in the long run, after about three years.
- A decrease in the number of NGO directors on the board is associated with a decrease in CSR performance in the following year. ■



**SOURCE:** Journal of Business Ethics  
<https://link.springer.com/article/10.1007/s10551-020-04649-4>



ANDREAS WOHLFAHRT

## Philanthropic Grants *enables* Scaling in Social Entrepreneurship

»»» **A RECENT RESEARCH** study looked into the role that philanthropic grant funding plays in the financial and organisational development of social ventures. Based on a panel data set of 3,401 of newly formed social ventures, the study found that:

- Social ventures that receive a grant will have more employees in the following year, compared with ventures that didn't receive any grant funding.
- Social ventures that receive a grant will be more successful in raising debt finance in the following year, compared with those that didn't receive any grant funding.

- Receiving a philanthropic grant provides a signal that is interpreted differently by debt and equity financiers. Receiving grant funding was found to act as a *positive signal* of credibility to potential debt financiers. In contrast, equity financiers were more likely to view grant financing as a *signal of dependency*, and therefore less deserving of equity investment. ■



**SOURCE:** Business & Society  
<https://journals.sagepub.com/doi/full/10.1177/0007650320973434>

# Explaining workers' resistance against their own health and safety programmes

## »» RESEARCHERS FROM

Sweden investigated why a health and safety programme, promoted by the local trade union was resisted by workers within an organisation. Findings are based on a case study of a Swedish paper mill. Workers perceive the pros and cons of the programme in relation to how they think their work should

be performed, not how management or the trade union thought it should be performed.

Workers resisted the programme because it failed to address blue-collar workers' understanding of who they want to be, how work should be performed, and the extent to which safety issues are visualised to others. The authors concluded

that it's important to contextualise control measures taken by managers within the frames of reference that blue-collar workers collectively share. ■



**SOURCE:** Safety Science  
<https://www.sciencedirect.com/science/article/pii/S0925753520305282>



## The history of ESG: analysis of Innovest and KLD

»» USING HISTORICAL document analysis and in-depth interviews with the founders of two ESG data vendors, a recent paper reviewed how different origins and purposes of ESG issues have shaped the methods and data characteristics of these two organisations. While Innovest's purpose for ESG data was financial, KLD's data was aimed at choosing well-performing companies to evoke system transformation. These kinds of differences in "purpose" appeal to different degrees of ESG readiness on the market. Investors need to understand the differences in approach and historical development among the data providers. ■



**SOURCE:** Organization & Environment  
<https://journals.sagepub.com/doi/abs/10.1177/1086026619888994?journalCode=oaec>



## How sub-supplier firms fail on sustainability

»» A RECENT STUDY explored how sub-suppliers decouple the implementation of sustainable supply management (SSM) practices in supply chains. Specifically, many managers of sub-suppliers used unauthorised contracting, mock compliance, and acted unethically with the intention of earning more profit.

The study found that role ambiguity, lack of awareness, conflicting expectations and limited regulatory enforcement were some of the institutional logics that led to the superficial implementation of SSM practices. The authors

caution that retailers and first-tier suppliers should be able to predict sub-suppliers' decoupling behaviour since it's a potential vulnerability. They argue that institutional pressures in the form of monitoring and third-party auditing can play an important role in the genuine implementation of SSM practices across sub-suppliers. ■



**SOURCE:** International Journal of Operations & Production Management  
<https://www.emerald.com/insight/content/doi/10.1108/IJOPM-05-2019-0403/full/html>

## Getting Serious About Diversity

»» RESEARCHERS AT HARVARD Business School argue that simply diversifying the workforce will not automatically make a company profitable without fundamental shifts in company culture. A better approach might be to create a "the learning-and-effectiveness paradigm," where a company cultivates a learning orientation towards diversity. To do this, leaders must:

- **Build trust:** Create a workplace climate where employees feel safe expressing themselves freely. Build dialogue with employees, particularly those who may feel marginalised or undervalued at work.
- **Work against discrimination:** Leaders must first learn how systems of oppression/privilege operate in the larger world and how those sys-

tems seep into workplaces. In addition, leaders should reflect on their own biases and make it an organisational mission to dismantle various forms of discrimination.

- **Make cultural differences a resource for learning:** Encourage discussions about how identity groups affect employee experiences. Urge employees from all backgrounds to share cultural knowledge and learn about cultural differences. ■



**SOURCE:** Harvard Business Review  
<https://hbr.org/2020/11/getting-serious-about-diversity-enough-already-with-the-business-case>

## Family Firms *more responsible* towards employees

**>>> USING DATA ON** layoffs at 2,000 large US firms between 1994 and 2007, a recent study investigated the “people dimension” of Corporate Social Performance (CSP) in family firms by examining layoff behaviours in family vs. non-family firms. Results of the study show that family firms are less inclined to carry out layoffs than non-family firms. Further, researchers found evidence to suggest that the

lower propensity of layoffs in family firms is stronger when these firms are located in less populated areas.

The study also found empirical evidence to suggest that better educated CEOs within family firms increase the firm’s tendency to lay off less. Additionally, it was found that that family firms’ policies regarding layoffs are economically more sound. That is, the financial and market performance of family

firms were found to be better than non-family firms in the aftermath of layoffs due to their emphasis on local community culture or “place-basedness”. ■



**SOURCE:** Journal of Business Ethics  
<https://link.springer.com/article/10.1007/s10551-019-04152-5>

# How Ericsson improved their sustainable supply chain

»»» **A CASE STUDY** analysed Ericsson with the goal of better understand both proactive and reactive supply chain risk management (SCRM) practices. Results show that Ericsson has developed its SCRM practices by improving functional processes within its Supply, Sourcing and Security functions, but has also combined them cross-functionally with the help of better technical information systems.

Internal and external risk monitoring was found to have developed the most among Ericsson's

SCRM practices. Implementation plans for projects or mitigation strategies were found to be frequently and formally measured. Evaluation and learning for future improvements have also become a crucial part of Ericsson's SCRM through a more systemic approach for documenting "lessons-learned" sessions. ■



**SOURCE:** International Journal of Physical Distribution & Logistics  
<https://www.emerald.com/insight/content/doi/10.1108/IJPDLM-07-2019-0219/full/html>

## Volunteer programs that employees can get excited about

»»» **CORPORATE VOLUNTEER** programs can bolster employee productivity, employee retention and employee engagement. But very often, these volunteer programmes fall short because companies simply end up mimicking what other firms are doing. When designing or redesigning a corporate volunteering programme, it might help to keep the following pointers in mind, according to Jessica Rodell, Professor at the University of Georgia:

- **Prioritise meaning.** Employees want to make a difference through volunteer opportunities and want to spend their time doing something meaningful. For this to happen, employees

need to see first-hand that their effort provides value and has an impact on someone.

- **Let employees choose.** Employees' sense of meaningfulness is maximised when they are able to choose their own projects that appeal to them personally. Invite employees to help shape the scope, nature and features of your firm's volunteer programme, and then offer corporate structure and support as necessary. ■



**SOURCE:** Harvard Business Review  
<https://hbr.org/2021/01/volunteer-programs-that-employees-can-get-excited-about>

## NEW BOOKS

»»» **SOME NEW BOOKS** have been published with managerial implications. One of those summarizes the frontline on [Sustainable Investing](#). With well known names in the sustainability discourse as contributors, for example Georg Kell, Mark Carney, Andreas Rasche, John Ruggie, Paul Polman and Johan Rockström. A perfect read for the digging deeper into climate risks and TCFD reporting among other things.

A new edition of one of the most popular textbooks at Swedish and Nordic Universities is out. It introduces [CSR and Sustainable Business](#) to students and managers in executive education in a pedagogic way. It covers the development of CSR, business ethics, sustainable supply chains, strategy, reporting, CSR communication and many other topics. With leading Swedish scholars as contributors.

Two volumes of everything you need to know (almost) on [sustainable consumption and production](#). With contributions from a long range of international researchers and edited by Susanne Sweet and Ranjula Bali Swain at the Stockholm School of Economics. The books

provide a state of the art on research in the field, including circular economy and with a special focus on fashion and food. ■



## ABOUT US

### FOREVER SUSTAINABLE

We are a Scandinavian hybrid consultancy and think tank focusing on sustainable business and Shared Value.

### SUSTAINABLE BUSINESS QUARTERLY REPORT

An intelligence service for executives engaged in sustainability, CSR and the future of business.

### IN COOPERATION WITH:

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