Implementing strategies through management control systems: the case of sustainability

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Abstract

Purpose – This paper aims to explore if and how management control sysems (MCS) have a role in implementing sustainable strategies. In particular, the paper aims to investigate how MCS work in order to translate these strategies into action and how they should be modified when a strategic change in a sustainable direction occurs.

Design/methodology/approach – The research relies upon a deeply conducted case study, drawing evidence from documentary research and field research.

Findings – Relying upon the case of Procter & Gamble (P&G), the paper finds that integration with the traditional planning and monitoring systems, combination of both formal and informal controls, coordination across business units and decentralized structures are key-factors for successful implementation of sustainability-oriented strategies.

Originality/value – From a theoretical point of view, it has been observed that research in the field of social and environmental accounting has been mainly focused on social and environmental reporting, disclosure initiatives and their linkages to other attributes of performance, such as economic or financial outcomes. The paper contributes to developing a debate on the potential of MCS in embracing social and environmental issues as well as in producing social and environmental information useful for internal users in decision-making processes.

Keywords Control systems, Design and development, Social accounting, Strategic change

Paper type Case study

1. Introduction
During the last 15 years the debate on sustainability as well as on social and environmental accounting (SEA) has considerably increased. These issues have become very important subjects of, not only academic research, but also regulators' interventions throughout the world. The request to organisations for becoming more accountable and sustainable is wide, coming from not only academics and practitioners but also from analyst and the market.

The review of the existing literature on the subject focuses mainly on external reporting.

This paper aims to investigate if and how MCS have a role in implementing sustainable strategies within organisations and how it is set or modified in order to support this process. Thus, the main research questions are:

RQ1. How MCS support the implementation of sustainability focused strategies? How formal and informal controls work together in order to allow the achievement of sustainable goals as well as the integration of sustainable principle with organisation culture?

RQ2. What pattern of change is followed by MCS when a strategic change in a
"sustainable" direction occurs?

The paper is organised as follows. As a starting point, we shortly review the existing
literature on the subject (Section 2). Then, a brief description of the research
methodology is provided (Section 3). This is followed by the case study description
(Section 4) and discussion (Section 5). Finally, some preliminary conclusions and some
limitations of the study are outlined.

2. Theoretical background
2.1 Social and environmental accounting research
Social and environmental accounting (SEA) has been investigated from several
theoretical points of view.

While some scholars propose a sharp distinction between a managerial (or
instrumental) view and a radical/critical one (Gray, 2002; Owen, 2008), other
perspectives could be identify in the field of SEA research (Parker, 2005; Garriga and
Garriga and Melé, 2004; Brown and Fraser, 2006).

Some extensive overviews of the main topics of SEA research have been provided
(Deegan, 2002, p. 286; Parker, 2005). However, it has been observed that the
development of the SEA has particularly regarded the collection of the information
produced for external users or, in other words, social and environmental disclosure
(Durden, 2007; Parker, 2005; Gray, 2002, p. 689).

Adams (2004) argued that while the extant literature has primarily focused on why
companies report on what they do as regard to social and environmental issues,
increased sustainability reporting does not necessarily mean improved accountability.
Moreover, the main motivation underpinning social reporting initiative is often the
enhancement of corporate image and credibility (Adams, 2002). This has probably led
to a gap between official declaration and actual organisational behaviour.

The potential of MCS in embracing social and environmental issues as well as in
producing social and environmental information useful for internal users in their
decision-making processes is yet an under-researched area (Berry *et al.*, 2008; Durden,
2007; Parker, 2005). As argued by Bebbington (2007, p. 6), "if organisations are seeking
to report on their contribution to sustainable development, one may expect that there
are some internal mechanisms which guide their activities towards this goal". In other
words, social reporting is not enough since environmental and social profiles should be
incorporated within planning process, policy decisions, capital allocation and
performance evaluation.

2.2 MCS and sustainability focused strategies
In the conventional accounting literature, the relationship between MCS and strategy
has been investigated covering a broad range of perspectives and methods, starting
from the 1980s (see for a review Langfield-Smith, 1997, 2007). Kober *et al.* (2007) argued
that MCS is not a simple outcome of organisational strategy, since a complex two-way
relationship should be recognised.

In this research we focus our attention on the first aspect of the two-way
relationship between strategy and MCS, focusing on how MCS works in order to
translate the chosen sustainability-oriented strategy into action and how formal and
informal controls should be combined to ensure an effective implementation.

With specific reference to social and environmental strategies, Epstein and Roy (2001, p. 600) outlined the role of MCS in providing information useful to set or modify them, arguing that "appropriate management control systems should feed back information on potential environmental and social impacts, sustainability performance (at all organizational levels), sustainability initiatives, stakeholder reactions and corporate financial performance".

Durden (2007, p. 672) argued that the existence of a MCS enabling managers to monitor whether the business is operating in accordance with social responsibility and stakeholder goals would discharge an effective obligation toward stakeholders, rather than represent a mere image enhancement exercise. In order to reach this aim, a model of "socially responsible MCS" was proposed.

2.3 Formal and informal controls

Many categorizations of controls have been provided showing the existence of a formal, objective and visible nature of control systems as well as an informal and less explicit one (Merchant, 1985; Riccaboni, 1999; Euske and Riccaboni, 1999). While formal controls include rules, budgets, performance appraisal, reward criteria, informal controls do not refer to verifiable, objectives and explicit measures, having their roots in the shared systems of organisational beliefs and values.

In order to ensure that MCS would lead to the achievement of social and environmental goals, these two main dimensions have to work together. Epstein and Roy (2007) outlined the importance of the formal side of controls since an important step in implementing environmental strategy is the development of a performance evaluation system to monitor and assess the value and the effectiveness of undertaken actions. Measurement and formal elements are not enough, since their effectiveness may be influenced by informal controls. The two elements of MCS should be consistent, working together in order to motivate the decision-maker in operating in a sustainable way.

As argued by Norris and O'Dwyer (2004), certain tensions between these two elements could emerge: even though social and environmental principles could be embedded into informal control responsibility which shape organizational culture, formal tools are often exclusively focused on financial/quantitative issues. On the contrary, tensions could emerge from the difficulties in defining appropriate quantitative and "objective" measures for social and environmental corporate responsibility, since they are often very judgmental or frothy.

2.4 Change in systems of management control

The nature and the dynamics of management accounting change have become a main topic of the recent accounting literature.

While adopting a functionalistic perspective, change could be interpreted as an outcome of sharp economic imperatives, new institutional theorists have argued that new accounting practices could be adopted not so much as a result of a rational choice process, but rather in search of social and political legitimacy (Berry et al., 2008).

Relying upon old institutional economics, Burns and Scapens (2000, p. 8) proposed an institutional framework to understand management accounting change process. Defining institution as "the taken-for-granted assumptions which shape the actions of individual actors", they argued that both institutional realm and realm of action are ongoing in a cumulative process of change over time, even if the change process in the institutional realm occur less frequently than in realm of actions. Once the institutional principles have been encoded into rules (formalized statement procedures) and routines

(procedure habitually in use), they are enacted by actors. This enactment may or not be subject to resistance, depending on the fitting between rules and routines and the existing meanings and values, as well as on actors' power (Burns, 1999). In other words, the process of change can require major (revolutionary) or minor (evolutionary) change in terms of existing rules and routines, depending on the degree of compatibility between existing rules, routines and taken-for-granted ways of thinking, on one hand, and new forms of accounting and accountability, on the other hand. The ongoing reproduction of actors' behaviour leads to the institutionalisation of rules and routines, i.e. to their embedding in the taken-for-granted assumptions and beliefs of the organisations.

Busco *et al.* (2006), exploring the interrelationship between management accounting systems and trust, proposed an extension of Burns and Scapens, 2000, p. 37) framework and portrayed management accounting system as a set of rules, routines and roles (i.e. network of social positions) which change through the interaction between contextual factors and human interactions. In a crisis situation, management accounting systems could be interpreted "both as sources and objects of trust for change" and the notion of roles as an access point to organisational systems could represent a great facilitator of the acceptance and progressive sharing of new rationales and routines.

Moreover, Busco *et al.* (2007, p. 142) suggested that the notion of management accounting change could not be separated from a discussion on the nature of management accounting practices. The latter are described as "heteromogeneous" objects. As a consequence, change is not an intelligible process, since "management accounting practices are not necessarily a single, stable entity at a point of time, and change and stability seem to co-exist in forms, relations and within spatiotemporal frames which are still to be deciphered".

3. Research methodology

The research relies upon a case study. The choice of this method comes from the observation that case studies offer the possibility of understanding the nature of accounting in practice, both in terms of techniques, procedures, systems which are used and the way in which they are used (Scapens, 2002). With specific reference to SEA related research, many scholars (Gray, 2002, p. 697; Adams, 2004; Parker, 2005) called for further employment of case and field studies or, in other words, for research more engaged with practice. Adams and Larrinaga-González (2007, p. 333) found that the "extant literature on sustainability accounting and reporting, in contrast to management accounting and management, has largely ignored practice within organisations". Moreover, Owen (2008, p. 248) argued that fieldwork studies have great potential in going beyond the analysis of the contents of official statements and reports, as well as in understanding organisational processes and managerial motivations underpinning reporting initiatives and evaluating their effectiveness in promoting organisational transparency and accountability.

The organisation chosen for the case study was the multinational company Procter & Gamble (P&G), for several motivations.

First, the choice of a multinational company depends on the observation that effort to integrate social and environmental issues with MCS seems to be more challenging in such an environment, characterised by contextual, intraorganisational and individual heterogeneity (Roth and Kostova, 2003); however, multinational companies are often accused to be bad citizens.

Second, P&G claims to be a leading organisation in sustainability management. It has a good reputation on social responsibility, especially with reference to human resources management; it engages in sustainability reporting and presents itself as a social responsible firm, in formal claims and official documents. Moreover, it has gained many awards on sustainability and social responsibility[1]. Thus, it was interesting to investigate if and how external image, reputation and formal claims were reflected in internal practices and tools.

The case study draws data from both documentary research (analysis of P&G website, annual reports, sustainability reports, sustainability newsletter) and field research, through many semi-structured interviews. The interviews were conducted between August 2008 and May 2009. They were addressed to an External relation manager, who has the role of "Sustainability Ambassador" in the Italian division, as well as to marketing, sales and finance managers and corporate personnel.

The main purpose of the documentary research was to appreciate the P&G "formal" approach to social and environmental issues in official statements.

The purposes of the interviews were many. A first purpose was to collect descriptive data on the social and environmental initiatives and practices implemented within the organisations. Second, the interviews were conducted to appreciate if and how social and environmental issues were effectively integrated with strategic planning, management accounting systems and organizational activities. Finally, through the interviews potential gap between official claims and systems, practices and activities implemented within the organisation should be recognised. We attempt to investigate if sustainability principles were accepted and shared by managers and employees and how they react to change introduced when the strategic change in a sustainable direction occurred.

4. Case study
4.1 Background information
Procter & Gamble is a big multinational company producing a wide range of consumer goods, whose headquarters are sited in Cincinnati, Ohio (USA), currently listed on the New York Stock Exchanges (NYSE) and on the Euronext Paris.

Since 2002 P&G's organisational structure is organised into three Global Business Units (GBUs) and Market Developments Organizations (MDOs).

Since 2008 the GBUs have been classified in: Beauty; Health and Well-Being; Household Care. They operate at a global level, dealing with business strategies, innovation and brands' design, new business development. Those responsible for each GBU are mainly accountable for profit.

The MDOs are local structures which have to interface with local markets: people, retailers, supply chains and local governments, thus dealing with regional marketing, sales and external relations. They are mainly accountable for operating sales. The MDOs are organised in seven geographic regions[2].

Each MDO is organised in multifunctional teams of product (Market Operation Team, or MOT) and customer (Customer Business Development team or CBD). Although they are different structures, the GBUs and the MDOs have to work pursuing interrelated goals. Thanks to the matrix design of P&G structure, the multifunctional teams (MOT and CBD) are involved in many vertical and horizontal relationships.

The organisational chart shown in Figure 1 represents the corporate structures previously described.
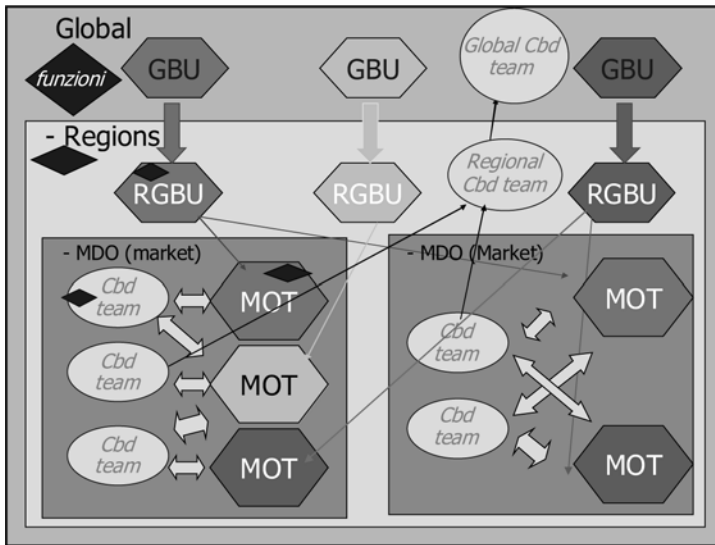
Figure 1.

4.2 The moving to a strategic focus

Although the awareness of the importance of social and environmental issues for the business rose from the 1960s, only in 1999 was Sustainable Development set up as one of the strategic objectives of the business. This event first required a clear and unambiguous definition of the concept of sustainability which was described, according to the UK government's Department of the Environment, Transport and the Regions (1999), as a "development able to ensure a better quality of life for everyone, now and for generations to come". This definition is significantly similar to the new corporate mission, namely "to provide branded products and services of superior quality and value that improve the lives of the world's consumers, now and for generations to come". This similarity shows the P&G's desire to present itself as an organisation, taking care of its stakeholders and, more generally, of social and environmental problems. Moreover, for ten years P&G has accounted for its social and environmental behaviour in a specific report, i.e. the Sustainability Report.

The importance given to sustainability is communicated not only externally through formal claims, but also to employees through the leadership commitment.

In 1999, P&G also set up a centralized organisational structure, termed as Global Sustainability Department, composed of few experts, interfacing with the business units and providing advice on sustainability matter.

4.3 The planning and control system

In order to better understand if and how sustainability strategies and goals are embedded in the broader planning and monitoring process, the P&G's "Objectives, Goals, Strategies, Measures" (OGSM) system will be briefly analysed. According to the OGSM framework, the planning process starts from a clear definition of Objectives, from which corporate Goals are identified. The latter are translated into appropriate Strategies, which finally are converted into specific Measures. Starting from the highest organizational levels, this cascade mechanism involves the business units and

all the employees. In fact, each employee is accountable for specific objectives and it is required to clearly contribute to the achievement of the overall goals.

The Objective overlaps the corporate mission. The first element of OGSM is quite stable and does not have a definite duration.

On the contrary, the Goals, while remaining stable in the contents, are reviewed annually in the amount. They coincide with the goals communicated to shareholders and are substantially related to:

- the increase in net sales;
- the increase in earning per share (EPS); and
- the increase in total shareholder return.

The Strategies are reflected in brand and country plans. They are divided into two main areas, namely "Where to play", with reference to decisions on geographical areas, market and business where compete and "How to win", with reference to decisions on ways to create competitive advantages, to be leaders and more generally to achieve good financial results.

Finally, for each strategy specific Measures are defined. These measures are both quantitative and qualitative, thus not merely focused on financial performance, since many aspects of organisational activity are recognised and considered.

The global OGSM has to be translated into more specific plans and programs, for the various organizational structures. Starting from the overall corporate OGSM, the cascade mechanism involves all the organisational levels. First of all, the global OGSM is translated into specific OGSM for each GBU, who can achieve the planned goals only if MDOs' activity is aligned with these goals. As a consequence, action plans for regional and local market (i.e. for the seven geographic regions and for each MDO) have to be drawn.

In order to coordinate GBUs' and MDOs' behaviour, a complex two-way communication process is set up. It is designed to solve potential tensions and trade-offs between MDOs and GBUs and it starts with a preliminary phase where both the MDOs and the GBUs try to define how to implement the strategies thus achieving the assigned goals. Then, several steps are foreseen in order to translate the global OGSM in more specific documents and plans. The overall process is characterised by a continuous dialogue between MDOs and GBUs. They have to agree on plans and programs to carry on and their actions should be aligned, as well as consistent with the overall OGSM.

Once the agreement between GBU and MDO is obtained and, so, actions plans for each MDO are defined, it is necessary to spread their contents within organisations. Thus, action plans for each MOT and CBD Team are defined. Some specific objectives are assigned to each team, identifying programs, measures and goals consistent with the plans of the related MDO and GBU, and the overall OGSM system.

Once the plan for the multifunctional team is set, each employee has to plan its activities and identify its goals, drawing up two main documents, namely the Work Development Plan (WDP) and the Action plan. The former contains a qualitative analysis of the main strengths and weaknesses of each human resource made by itself. The latter is a planning tool where specific, measurable, achievable and consistent goals are pointed out. The comparison between the actual and the target allow everyone to assess and evaluate its activity.

A formal performance evaluation is made quarterly by the supervisor of each employee. A comprehensive assessment on progress in the achievement of the overall

corporate goals is made quarterly and is summarized in a formal document in which the Chief Executive Office communicates the progress made to employees and investors.

4.4 Sustainability issues into the planning and control systems
Sustainability issues are widely present across the various stages of the cascade mechanism of OGSM. As already argued, the reference to sustainability is evident in the mission, i.e. to the Objective. On the contrary the Goals are built on financial measures, but the reference to sustainability is indirectly obtained. A sales manager attempted to justify the absence of a clear reference to sustainability in this section of the framework:

> We are a public company so we have to create value for our shareholders ... but we cannot create this value without reference to other dimensions of sustainability ... I cannot contribute to the achievement of our first goal ("increasing in net sales") without increasing sales coming from sustainable products.

One of the many identified strategies, in the "how to win" area, is to obtain progress on the achievement of five Sustainability Strategies and the related measures.

The Sustainable Strategies are, thus, integrated with the "traditional" planning system since they are viewed as something strictly tied to business. This integration may be a key element of successful implementation of sustainability-oriented strategies, since it communicates to employees how to behave in order to translate the abstract sustainability principle into action. As argued by the External Relation manager:

> Despite the importance of the innovations introduced in 1999, the most important decision about sustainability management concerned the definition of specific and measurable sustainability strategies and goals in 2007 ... Now we know where we will go and how.

The first of the five-years sustainability strategies claims to delight the consumer with sustainable innovations, improving the environmental profile of products, obtaining at least \$50 billion in cumulative sales of "sustainable innovation products," namely products with a significantly reduced (>10 per cent) environmental footprint versus previous or alternative products.

The second strategy is about the improvement of the environmental profile of P&G's operations. The related goal is to deliver a 20 per cent reduction in CO_2 emissions, energy consumption, water consumption and disposed waste from P&G plants.

The third strategy is about some social responsibility programs.

The fourth strategy relies upon the engagement and equipment of all P&Gers to build sustainability thinking and practices into their everyday work.

The last strategy is very general and claims to shape the future by working transparently with stakeholders to enable continued freedom to innovate in a responsible way.

The tracking of progress in achieving sustainable goals is conducted by Sustainable Development, which extrapolates social and environmental sensitive data from the overall information system. Data collection is followed by data analysis and assessment. The evidence emerged from this process is used both for internal and external reporting. Internal reporting aims to stimulate suggestions to improve next sustainable strategies and initiatives. Moreover, the internal communication and tracking on sustainability target also facilitate the process of integration of sustainability principle with P&G organisational culture.

As an example, since April 2009 in Western Europe a quarterly newsletter on sustainability in which updating on sustainable goals achievement are presented, is sent

by email to all employees. The newsletter's aim is to keep employees updated on the work the company and the Region are doing to advance their environmental and social responsibility as well as to engage employees "to bring sustainability into their life".

The responsibility on sustainability goals, even if spread across the organisation, is mainly addressed to GBUs, since they deal with product development and production, which are the most critical phases, at least for the environmental sustainability of the business. The MDOs have an important role too, since they have to conciliate global corporate policies and strategies with local stakeholders' interest and demands. This is a very critical task, since multinational companies have to face the great heterogeneity of the different contexts in which they operate. In order to increase the awareness of the corporate commitment to sustainability some specific initiatives, such as the "Earth Day" were organised. It is a formal appointment to celebrate the corporate engagement to a more sustainable way of operating simultaneously in each corporate site. The "Sustainability Ambassador" in each site is responsible for illustrating and promoting the five sustainability strategies in order to stimulate a true engagement within all employees.

4.5 The Product Sustainability Assessment Tool
Sustainable strategies and measures would not be simply achievable without specific tools able do carry out managerial actions in the intended direction.

As an example, in order to integrate the sustainability rationale into day-to-day operations, an interesting supporting tool was used. This tool, termed as Product Sustainability Assessment Tools (PSAT) provided a broad set of useful data to take sustainable decisions, especially about the development of new products. In fact, thanks to PSAT each product innovation proposal was evaluated in a triple perspective- financial, social and environmental- thus going beyond traditional financial criteria. When developing a new product, Research & Development teams submitted a three-fold analysis:

(1) a person responsible for Finance provides financial analysis of the product's profitability through traditional capital budgeting criteria, such as the net present value;

(2) a person responsible for Health Safety and Environment provides an environmental assessment, through the life cycle assessment (LCA), measuring the overall environmental footprint of the new product from the provision of raw materials to the disposal; and

(3) a person responsible for External Relations (sometimes supported by the consumer market knowledge) provides an assessment of the new product, analysing the stakeholders' point of view through techniques such as "stakeholder management".

The PSAT criterion resulted in a rating comprised between 1 to 10 for each profile. Evaluating the different combinations of the rating for each profile was not a simple task. Many trade-offs between financial, social and environmental profiles arose and the decision-makers were not able to take an unambiguous decision about the right thing to do in every situation.

Since 2007 P&G has evaluated the environmental profile of its products portfolio through the setting of a target about the " Sustainable Innovation Products" (SIPs), contained in the first sustainability strategy.

5. Interpreting the interrelation between MCS and sustainability-focused strategies

The paper provides evidence of the approach P&G uses when dealing with social and environmental principles inside its management practices and tools. In particular, it shows that a company focusing on sustainability issues needs to integrate such strategy with the "traditional" planning and control system.

To internalize sustainability principles into structures, plans and operations, a key element is moving to a strategic focus on sustainability. Moreover, an effective internalization of sustainability principles implies that it is treated as something strongly tied to the business, rather than a no-core activity. This is in line with the Porter and Kramer's (2006) call for more integration between business and society and for a strategic approach to social and environmental issues. In this regard, the analysis of the P&G sustainability plan allows to distinguish between two different sustainability profiles:

(1) the first sustainability strategy is market-oriented and related to the products; from this point of view, sustainability could be interpreted as an excuse for the growth through the development of innovative and more environmentally-sensitive products; and

(2) the second sustainability strategy is related to internal operations; from this point of view, sustainability could be interpreted as an excuse to efficiency, i.e. to obtain significant cost savings and more efficient processes.

The conception of sustainability as an "excuse" to grow or to obtain a more efficient process is strongly related to an instrumental view of sustainability. It is well explained by the words of the Director and Associate Director for Corporate Sustainable Development:

If it is seen only as a responsibility, sustainable development will be treated as an issue to be managed, rather than as a business opportunity to be pursued (Carpenter and White, 2004).

5.1 MCS and the implementation of sustainable strategies

Once sustainable strategies was set up, sustainable targets and objectives for the organisation as a whole, as well as for division and department has been identified. In fact, a clear and well-framed definition of strategic objectives in terms of sustainability and their translations into specific and measurable targets are fundamental guides in embedding social and environmental issues in organisation management practices and day-to-day operations.

While the process of planning, measuring and monitoring seems to be working well with reference to strategies focused on environmental issues, this process is much more difficult for social strategies (see strategies 4 and 5 of P&G Sustainability Plan). It is not surprising since social profiles are much more judgmental, qualitative, and difficult to measure related to environmental profiles.

Perhaps, one of the key elements of the successful implementation of sustainable strategies in P&G is the integration of sustainable strategies with the traditional planning and control system, i.e. the OGSM. It allow the breaking-down of sustainability targets and objectives for the organisation as a whole into targets and objectives which are meaningful for GBU, MDO, Country, team and individuals.

With reference to the first research question, the P&G case suggest that MCS supports the implementation of sustainable strategies, relying upon both informal controls and formal ones. In fact, even if performance measurement and appraisal have been fundamental levers for the integration of sustainability issues with traditional systems, great facilitators of this process have been the progressive inclusions of sustainability principles into organisational culture, i.e. the set of shared values, beliefs and traditions that guide the behaviour of employees. This inclusion process relies upon ad hoc initiatives, such as the "Earth Day", leadership commitment and internal communication. Employees were made aware of the corporate engagement to sustainability also through an intensive activity of communication on sustainability initiatives, objectives and performance made by top management through, as an example, the previously mentioned "sustainability newsletter". In this way, sustainability has been perceived as a corporate priority by employees, thus becoming a shared element of P&G culture.

A further "embedding element" was PSAT, that appeared like an enlightened tool able to integrate traditional capital budgeting with sustainable ones into decision-making processes. Also in this case, the environmental profile seems to work better than the social one. In fact, the former is deeply explored through a well framed technique such as the LCA, particularly focused on environmental footprint.

Stakeholder analysis, used to integrate social profile with decision-making, seems to not be well-defined and framed as LCA. Also in this case, it is not surprising since the appraisal of the environmental impact is supported by "objective" knowledge of natural science. The evaluation of the social impact of an organisational action is much more judgmental, subjective, difficult to quantify (Bebbington, 2007, p. 49).

However, even though improvable, PSAT was a very useful tool, since it allowed a balanced assessment combining financial measures with environmental performance indicators and remarks about the social impact of organisations' decisions. This assessment came before the actions, ensuring that decisions are taken based on a wide set of data and promoting a sustainable way of operating. An ex-ante evaluation is a necessary prior of social and environmental reporting on undertaken actions.

The P&G's PSAT shows many similarities with the Sustainable Assessment Model (SAM) described in Bebbington (2007): both adopt a full life cycle perspective and aim to insert sustainability rationale into decision making. Nevertheless, a certain number of need to be outlined.

First, SAM monetises all the impacts so that they can be compared on a like-for-like basis. This also allows the impacts to be combined into a single measure which reflects the overall sustainable performance of a project. The monetisation was defined as a key-process since it translates social and environmental consequences of decisions into a language which can be presented alongside traditional decision-making (Bebbington, 2007, p. 26) On the contrary, PSAT did not rely upon monetisation, carrying out both financial and non-financial analysis. As a consequence, PSAT did not provide a single measure able to reflect the "sustainable value" of the project. Moreover, PSAT was particularly focused on new products development processes rather than representing an overall supporting tool for decision-makers.

Even though limits of PSAT have been recognised, this tool acted as a powerful way to bring sustainability considerations into the organisational reality. Similarly to Hopwood (1990) discourse about the potential of accounting to make conceptual phenomena visible and objectify them, the main function of there tools is the translation of an abstract phenomena, such as sustainability, in directly visible and

easy to understand terms, Thus, PSAT, as a management accounting tool, had the power to "make things visible" and is able to create a space for monitoring and control, shaping the perception of sustainability principle within organisation.

5.2 Change in MCS to meet sustainability-oriented strategy
With reference to the second research question, the case findings shows that, at least in the examined organisation, the implementation of sustainability strategies have not resulted in radical changes, points of rupture and discontinuity in the traditional way of operating. In the first phase of the introduction of sustainability principles, i.e. in 1999, changes to organisational structure and management practices were introduced, such as the setting up of the Global Sustainability Department and the use of PSAT in decision-making processes. Nevertheless, the moving to a strategic focus on sustainability has no entailed notable change to traditional planning and monitoring system, i.e. the OGSM, as argued by the External Relation manager:

> We treat sustainability in the same way of every other corporate target: once it goes into the "war machine", it can not escape.

Finally, there was progressive integration of the concept of sustainability rather than radical change. It has been gradually incorporated into organisational actions as well as into organisational culture. From this point of view, the process appears similar to the pattern of change described by Burns and Scapens (2000).

As argued by Burns and Scapens (2000), whereas existing routines and taken-for-granted ways of thinking are compatible and congruent with intended new forms of accounting and accountability the change would not be dramatic, or in other terms evolutionary. It would seem that the existing values taken for granted ways of thinking of P&G were highly compatible with sustainability principles, so that there was no resistance to the integration of sustainable practices and goals with the organisational structures, plans and operation as well as in the MCS.

6. Conclusions
In this paper we investigated if and how Management Control Systems (MCS) have a role in implementing sustainable strategies. In particular, we focused on the potential of MCS to translate the chosen sustainability-oriented strategy into action and on the pattern of change followed by MCS when a strategic change in a "sustainable" direction occurs.

The study focused on the case of the multinational company Procter&Gamble, analysing internal mechanisms, tools and practices aiming to make sustainability in action. This focus is quite innovative, since SEA research has traditionally paid attention to external reporting.

Many suggestion could be drawn from the case study. The first conclusion concerns the emergence of a new organisational way of thinking and operating, able to combine financial, social and environmental issues. P&G is engaged in aligning financial, environmental and social issues, managing trade-off between these dimensions. Social and environmental-related language is progressive becoming part of organisational language.

Moreover, we found that MCS could have a great potential in embracing social and environmental issues, in addition to financial ones. In the examined case, no ad hoc systems and practices were required to successfully implement sustainability

strategies, since they were fully integrated with the traditional "Objective Goals Strategies Measure" framework (OGSM). The integration rather than the replacement of existing tools and practices looks like a successful way to internalize the sustainability principles within internal operational mechanisms and strategies. Thus, social and environmental issues could be effectively integrated into conventional strategic planning, organizational structures and performance measurement systems.

The case findings suggest that organisations should broaden their MCS in order to facilitate the achievement of social and environmental goals. While the process seems easier for environmental issues, the integration of social ones could be more challenging, thanks to the difficulties in translating such an elusive and tricky concept into objective and specific measures.

In order to really integrate sustainability in the organisational way of thinking and operate, formal (formalized set of objectives and measures, performance measurement system, rewarding systems) and informal (corporate culture, sense of ownership, leadership commitment) elements are both necessary. Moreover, they should be well combined and aligned, avoiding the emergence of tensions between these dimensions.

The choice of centralization/decentralization is also a critical point in the successful implementation of a sustainable strategy. Even if P&G choice relies upon centralization, especially with reference to the unique, sustainability plans and performance measurement system, the integration in the OGSM and its cascade mechanism allow the management of the trade-offs between instances of coordination and control (pushing centralization) and instances of autonomy and adaption to local realities (pushing decentralization).

Notes

1. As few examples, P&G was selected as one of the "Global 100 Most Sustainable Corporations in the World" for 2009 at the World Economic Forum in Davos. It also gained the Social Innovation Award 2009, which is a rewarding for companies and people that are shaping "the new world of sustainable business", by the *Financial Times* and Just Means. Moreover, P&G appears in the sixth position in the *Fortune*'s "Global Most Admired Companies" and it has been members of the Dow Jones Sustainability Index and the FTSE4Good.

2. The seven geographic regions are: Asia, Australia and India; Central/Eastern Europe, Middle East and Africa; Greater China; Latin America; North America; North-eastern Asia; and Western Europe.

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