



**Highlighting some 'blind spots': Mapping the theoretical underpinnings of sustainability accounting and management research in Emerging and Developing Economies.**

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## Highlighting some ‘blind spots’: Mapping the theoretical underpinnings of sustainability accounting and management research in Emerging and Developing Economies.

### Abstract

#### Purpose

The purpose of this paper is to review and reflect on the contributions of the special issue on *Sustainability Accounting, Management and Policy in Emerging & Developing Economies (EDEs)*.

#### Design/methodology/approach

We seek to highlight some ‘blind spots’ in relation to the theoretical underpinnings of sustainability accounting and management research in the EDE context, before discussing the contributions of the accepted papers.

#### Findings

We review some of the key theoretical perspectives (stakeholder, legitimacy, political economy, and agency theories) adopted in sustainability accounting and management studies and discuss how future studies might take into account contextual insights for a better appreciation of policies and practices in EDEs. Some of the selected studies reveal the emergence of sustainability practices in EDEs and their largely instrumental or market-oriented explanatory factors while others bring to the fore the primacy of social-political factors.

#### Research limitations/implications

Whilst this paper does not provide a systematic review of the theories and evidence in the EDE context, it provides some insights on the special issue’s contributions to knowledge on sustainability accounting and management practices.

#### Originality/value

This special issue extends the burgeoning scholarship in the EDE context and provides directions and opportunities for future theoretically informed research.

**Keywords:** Sustainability accounting; sustainability management; Emerging and Developing Economies.

## Introduction

The aim of this editorial is to review and reflect on the contributions to SAMPJ's special issue on *Sustainability Accounting, Management and Policy in Emerging & Developing Economies (EDEs)*. Although there has been a notable uptick in research in these settings over the last few years, our call was motivated by a lack of evidence and understanding about the accounting, reporting and managerial implications of sustainability practices (Gond et al., 2012). Admittedly, a few specific EDEs (e.g. China, South Africa, Nigeria, India) have attracted a significant amount of research attention (Frynas and Stephens, 2014; Mondejar and Zhao, 2013; Zhao, 2012), relative to other contexts (e.g. Central/Latin America, Eastern European countries and Central Asian states). How the sustainability agenda has gradually embedded in more varied and dispersed institutional environments has also taken a particular resonance in light of the *United Nations' 2030 Agenda for Sustainable Development* (UN General Assembly, 2015) and the formulation of a comprehensive set of Sustainable Development Goals (SDGs), delineating the need to align meso-level sustainability strategies to resolve macro-level sustainability problems. In this regard, resolving meso-level sustainability, related to the accounting, reporting and managerial implications of sustainability practices within EDEs, requires an acknowledgement and assessment of the influences at the macro-level. These latter influences, are primarily seen to exist in the form of institutionally deficient business environments, complex governance and political systems, and/or socio-cultural-historical factors which may lead to very peculiar forms and logics, underlying meso-level sustainability practices (Belal et al, 2013; Hopper et al, 2017; Jamali et al., 2017; Qian et al. 2021).

Notwithstanding the above, framing all EDEs as a single and homogeneous group itself is problematic, specifically given their distinctive socio-economic development trajectories and developmental achievements (or lack thereof) over the last few decades, impacting upon their holistic commitments to sustainability. For example, many of the so-called BRICS countries (Brazil, Russia, India, China and South Africa) are substantial contributors to global sustainability 'deficits' although some acknowledge (and have invested significant resources, to attempt to address these issues (e.g. climate change; rural poverty; racial inequality). Contrastingly, other EDEs continue to experience disappointing social and economic outcomes coupled with even weaker results on a range of sustainability measures. For example, poverty, largely treatable health deficiencies, inexistent social welfare, poor educational outcomes, regional/ethnic tensions, and corruption remain rife in many EDEs (Hopper et al., 2017). Resources needed to address these deficiencies are controlled by powerful political and economic elites. Businesses, whether locally or foreign owned, often support the status quo or at the very least, seem unwilling to challenge it; albeit some companies, driven by moral values and ethical imperatives (e.g. religion, family ethos) are willing to engage more comprehensively in engendering viable solutions for macro-level sustainability challenges than others. Civil society and other civic organisations, across EDEs, are not sufficiently resourced or influential enough to make a difference and often act as silent parties. To a large extent therefore, corporate sustainability practices in EDEs are, or become, deeply intertwined within these existing contextual dynamics. This called for a deeper understanding of corporate motivations of, as well as state and civil society attitudes and aspirations towards, sustainability in EDEs by adopting theoretical perspectives that are contextually grounded and/or are multi-faceted in nature.

For our special issue, we received nearly eighty (80) submissions from a diverse number of researchers based in developed as well as EDE contexts. In most cases, the empirical setting was limited to one country from Asia, Middle East, Africa and South America but a fair number considered a group of EDEs with similar institutional or cultural settings (e.g. Arab countries, Sub-Saharan Africa). This is certainly a welcome confirmation of the extensive research interest into the various facets of sustainability accounting, management and policy in EDEs. At the same time, and of particular note to us, was the theoretical underpinnings explicitly put forward, or in some cases implied, by the authors. Firstly, a large proportion of submissions remained descriptive or exploratory in nature. Secondly, there was a prevalence of so-called normative perspectives (e.g. ethical variant of stakeholder theory, decision-usefulness, value relevance, accountability as a duty) and explanatory ones (agency theory, market signalling, instrumental variant of stakeholder theory, legitimacy and institutional theory). In many cases, the debates centred on well-established 'fault lines' arising from the mainstream literature e.g. can sustainability practices lead to better or worse financial or market performance? Can corporate sustainability reporting be taken 'seriously' or does it only reflect rhetoric? Should there be an element of compulsion introduced to address sustainability deficits and a lack of corporate accountability? While we do not dispute the potential relevance and insights from pursuing these (somewhat) dichotomous

questions, we argue at the same time that there appears to be a rather uncritical or limited appreciation of the contextual settings (and adjoining theoretical assumptions). We refer to this issue broadly as a 'blind spot'. By mapping out some of the key theoretical underpinnings used in sustainability accounting and management research, our intention is to encourage EDE researchers to pay more attention to some of these (often) less visible dimensions. By no means however, do we claim to provide reflections that comprehensively address all theoretical underpinnings. The message we modestly seek to convey is the need for researchers to consider 'augmenting' their analysis.

### **Theoretical underpinnings: A brief review and recommendations**

**Stakeholder theory:** This perspective remains a dominant frame of analysis and it conceptualises the firm as comprising of a collation of groups and/or individuals with legitimate interests in the firm's operations (Hörisch et al., 2014). Managers of organisations are tasked with creating value for their stakeholders, by achieving an alignment between organisational and multiple stakeholder interests (Hörisch et al., 2020). In doing so, the integration thesis underpinning stakeholder theory affirms the need for corporations to amalgamate ethical/sustainable decisions together with business/profit-seeking decisions, thereby, ensuring stakeholder cooperation in the pursuit of the corporation's purpose (Hörisch et al., 2020). Stakeholder theory is often invoked in the sustainability accounting and management literature to either, posit that the organisation should be responding to particular needs/demands of external constituents, or to explain why the organisation is engaging in particular practices as a means to manage external pressures or placate negative reactions.

Brickson (2007) argues that there has been, over time, an unhelpful juxtaposition of the normative and instrumental variants<sup>†</sup> of stakeholder theory. The instrumental variant of stakeholder theory influences decision-choices made by organisations in relation to value distributions amongst multiple stakeholders, with instrumental and discretionary reasoning underpinning value distribution decisions pertaining to primary and secondary stakeholders respectively (Dentchev, 2009). The imbalances in organisational value distribution results in an implausibility of fully satisfying all stakeholders, further accentuated due to the perceived lack of organisational authenticity in its actions and discourses (Skilton and Purdy, 2017). Instead, as argued by Brickson (2007), the adoption of the descriptive variant of stakeholder theory, could create discourses focusing on 'what' the organisation does to engender active stakeholder engagement, with a view towards creating distinct forms of social value in each of these interactions. This could lead researchers towards exploring a variety of 'business' motivations that are beyond the mere characterising of actors and organisations respectively as self-serving and self-interested.

To underpin her arguments about adopting a more descriptive approach, Brickson (2007) also elaborates on three types of organisational identity orientation to reflect the "assumed nature of association between an organization and stakeholders as perceived by members" (p. 866), namely individualistic, relational and collectivistic. First, at one end of the spectrum, an individualistic orientation favours organisational self-interest (e.g. profitability, market share, commercial reputation) whereby sustainability actions may take the form of 'selling' points to distinguish the organisation from others, but with little additional consideration in the maintaining of solid ties with stakeholders. Contrastingly, a relational organisation will emphasise the development of strong and trusting relationship with particular stakeholders, characterised by a high frequency of interaction, reciprocity, emotional intensity and intimacy (Brickson, 2007, p. 871). The creation and maintenance of deep stakeholder relationships is seen herein as an end in itself and as being reflective of genuine concern and trust, but as yet is generally focused upon either one or few key stakeholders. At the other end of the spectrum, collectivistic organisations share a common goal with a larger constituency of stakeholders (community) and rather than consider the latter merely as a means to an end or by focusing on few but salient stakeholders, organisations instead operate towards the improvement of collective welfare. In this regard, it is possible to consider an organisation's strategy, activities, discourse on sustainability as a reflection of the continuing interactions and dialogue between the organisation and its stakeholders. Over time, these identity orientations may change as a result of changing circumstances and priorities (e.g. consider the implications of

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<sup>†</sup> There have also been 'contingency'-related perspectives to stakeholder theory i.e. stakeholder salience (Mitchell et al., 1997) and Ullman's (1985) framework, which help articulate the basic tenets of the theory. At the same time, these frameworks tend to reinforce the instrumental perspective.

1 Covid-19 on stakeholders' and organisation's understanding of sustainability practices) and/or of the prevailing  
2 social, political and cultural arrangements (including informal yet powerful ones). In this way, there is a greater  
3 leeway for EDE researchers to articulate the type of interaction between stakeholders and organisation, without  
4 the need to presume a normative or instrumental-led relationship.

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6 In this regard, EDE researchers could examine stakeholder prioritisation, specifically focusing on the  
7 influences of the macro-level upon meso-level decision-making. Given the institutional complexities present  
8 across EDE countries, examining 'what' criteria influences stakeholder prioritisation and 'how' managerial  
9 decisions about stakeholders occur could provide much needed insights, specifically from the perspective of  
10 how organisations arrive at mutually agreeable decisions related to multiple stakeholders; rather than creating  
11 trade-offs amongst different stakeholders (Hörisch et al., 2014). Effective sustainability management would  
12 require firms operating in EDEs, to overcome such trade-offs, and instead pursue mutual meso-level solutions,  
13 agreed with salient stakeholders to resolve macro sustainability problems.

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16 **Legitimacy 'theory':** The legitimacy perspective typically provides a parsimonious and 'common sense'  
17 explanation of *why* organisations might engage in sustainability management practices (Khan et al., 2020;  
18 Deegan, 2019; Dumay et al., 2018). It relies on an (assumed) social contract between society and organisation  
19 addressing the issue of achieving a congruence between corporate and societal goals (Dowling and Pfeffer,  
20 1975). The implication is that the organisation's survival and performance or its sustainability is crucially  
21 dependent on adhering to this social contract, and in securing the 'licence to operate' (Schaltegger and Hörisch,  
22 2015). If managers perceive that an organisation's operations (e.g. involving sustainability practices) are not  
23 congruent with the social contract (as a result of particular events or change in societal expectations), then one  
24 can expect the deployment of a range of organisational response(s) and strategies to ensure a continued  
25 alignment between societal values and organisational ones (Oliver, 1991). Particularly within the accounting  
26 literature, there is heavy reliance on the 'strategic' rather than the 'institutional' dimension of organisational  
27 legitimacy (e.g. Suchman, 1995; Tilt, 2018; Deegan, 2019) to conceptualise disclosure (annual reports,  
28 websites, press releases, social media) as a means to convey adherence or commitment to the social contract.  
29 The 'strategic' dimension of organisational legitimacy involves proactive attempts by companies to align  
30 instrumental legitimacy motives with moral legitimacy motives. Instrumental legitimacy motives support the  
31 'business case' for sustainability, and views corporations as being able to simultaneously improve its  
32 competitiveness and social agenda by engaging in sustainability (McWilliams & Siegel, 2011; Porter &  
33 Kramer, 2011). Contrastingly, moral legitimacy motives would result in the firm upholding the value system  
34 of the institutional actors evaluating its sustainability management practices, and thus, ensuring a perceived  
35 congruence between the corporations' moral (and ethical) values and those of its evaluators (Suchmann, 1995).

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38 However, the pursuit of 'strategic' legitimacy by organisations, specifically in relation to organisational  
39 sustainability, could result in a misalignment between instrumental and moral legitimacy, leading to symbolic  
40 displays of commitment (i.e. Suchmann, 1995; Ashforth and Gibbs, 1990). This is reflective of upholding  
41 moral legitimacy in a superficial manner, while in reality, the 'business case' for sustainability become  
42 entrenched (i.e. upholding instrumental legitimacy). This is akin to notions of decoupling or loose coupling,  
43 defined as "adopting a policy symbolically without implementing it substantively" (Haack and Schoeneborn,  
44 2015, p. 307). The problem of decoupling is grounded in the inherent clash which occurs between moral and  
45 instrumental legitimacy (Hahn et al., 2018) leading to a state of legitimacy 'disconnect' within organisations  
46 (Hengst et al., 2020).

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49 When examining the manifestation of legitimacy 'disconnects' in relation to organisational sustainability, the  
50 most frequent observation is a non-alignment between mainstream corporate strategies and sustainability  
51 strategies of organisations. In this regard, organisational sustainability strategies remain decoupled from or  
52 remain peripheral to mainstream corporate strategies, *if* the organisation is pursuing instrumental rather than  
53 moral legitimacy (Hengst et al., 2020), resulting in legitimacy disconnects manifested at the policy  
54 (disconnected from the purpose of the organisation) and the action levels (disconnected from organisational  
55 practice). In this respect, we highlight some key aspects for the benefit of future legitimacy-led research, with  
56 a particular reference to the EDE context:



(i) The potential for continued enactments of a symbolic form of adoption (e.g. communicating displays of sustainability) as a means to maintain legitimacy may have reduced over time in EDEs. For example, Bromley and Powell (2012) argue that due to significant change in societal/institutional expectations over time and the possibility for enhanced scrutiny and monitoring (e.g. consider the recent emphasis on developing standards that provide comparable and reliable information about corporate social and environmental performance), there is greater attention paid to the 'real' sustainability strategies and associated corporate behaviour. As a result, a corporate reliance on symbolic adoption or limited displays of engagement will be 'found out' and may in fact jeopardise their social contract, leading to legitimacy deficits for the companies. Such pervasive concerns about the lack of substantive corporate engagement with the sustainability agenda has already led to increased regulatory interventions across many EDE countries. Some examples include the recent amendments to clarify the corporate CSR mandate in India (Obhan & Patanjali, 2021) and the CSR levy in Mauritius initiated in 2009 (Soobaroyen and Mahadeo, 2016). The 2007 Indonesian Corporate Law No. 40 mandated CSR in Indonesia (Waagstein, 2011) and the Corporate Social Responsibility Act enacted in 2020, in the Philippines (Cervantes, 2020), encouraged companies to engage in CSR, by allowing companies to retain profits in excess of 100 percent of the paid-in capital to be used for CSR projects.

Hence, we suggest that EDE researchers need to engage in research that focuses more on the organisational implementation and integration of sustainability (and CSR) practices, including sustainability management and governance across indigenous and multinational corporations. In so doing, the focus can be towards (a) understanding how the adoption and implementation of sustainability strategy is underpinned by legitimacy-seeking considerations by these companies. For example, Suchman's (1995) work highlights (a) a number of 'circuits' through which legitimacy can be sought, (pragmatic, moral and cognitive), and (b) examines how 'legitimacy disconnects' could manifest during the enactment and implementation of sustainability strategies by companies operating in EDEs, investigating the role of the external institutional environment and the agentic role of corporate executives in this regard.

(ii) Assumptions about the primacy of certain societal values and/or what is in the (assumed) 'social contract' between corporations and society need to be challenged (Deegan, 2019) within the context of EDEs. The rather uncontested belief by EDE researchers that societal expectations (as perceived by organisational actors) about sustainability in general (or in relation to specific aspects such as labour relations, climate change, bribery, use of natural resources, community support etc.) are prevalent and even 'obvious' within EDE societal actors, can be an inherently erroneous assumption. Societal attitudes towards sustainability differ from one country to another or from developed countries to EDEs. For example, De Villiers and Van Staden (2006) highlighted how an apparent change in the State's concern about environmental issues led to less corporate accountability on this topic. Furthermore, societal expectations about particular sustainability-related practices are not clear-cut and can even be antagonistic in nature (e.g. so-called 'culture wars'). Soobaroyen and Ntim (2013) mention the initially 'ambivalent' nature of societal attitudes with respect to the spread of HIV/AIDs in Africa which was then reflected in the mixed corporate reactions when engaging (and communicating) on such aspects. Furthermore, some sustainability practices set out in the Global Reporting Initiative (GRI) and Sustainable Development Goals (e.g. human rights; rights of indigenous people; addressing economic, social and/or ethnic inequalities; anti-corruption) are open to 'selective' interpretations nationally due to their politically-sensitive nature.

We would therefore recommend that EDE researchers evidence more clearly the societal values and expectations about sustainability germane to the given EDE (or at least acknowledging some of its contested nature), rather than assume them to be existent and/or unproblematic or even accrue them to be of a similar nature to developed countries.

**Political economy perspective and the neo-pluralist 'turn':** To some extent, the above-mentioned point has been recognised in prior work (e.g. Belal and Cooper, 2011; Uddin et al., 2018; Deegan, 2019), with an appreciation of uneven power structures within EDEs. Stakeholder and legitimacy theories have generally been understood from a 'bourgeois' political economy perspective (Gray et al., 1995; Muttakin et al., 2018; Deegan, 2019). This perspective conceives of an organisation-society relationship that is *"exercised by relationships between the interest groups of pluralism without explicit recognition of the way in which the forces of the*

1 *system (capitalism) construct the self-interests as group interests.*" (Gray et al., 1995; p. 53). In contrast,  
2 'classical' political economy (e.g. Cooper and Sherer, 1984) emphasises the point that sustainability practices  
3 may impact on the distribution of income, wealth and power and recognises the fact that these are unequally  
4 distributed in society. Such inequalities enable well-defined elite(s) to maintain power or are the source of  
5 conflicts between different social, political and economic classes (Tilt, 1994). Cooper and Sherer (1984) also  
6 expect that a classical political economy framework highlights the specific historical and institutional  
7 environment of the society, and argue that the State often takes contradictory positions, in its attempts to foster  
8 commercial interests, maintain social harmony and protect its own legitimacy. This suggests that corporations,  
9 rather than stakeholders or 'relevant publics', are more organised and in pursuit of their economic interests,  
10 and that they are more able and willing to shape how they might contribute to the sustainability agenda. In this  
11 regard, Gray et al. (1995) make the case for a neo-pluralist perspective, combining bourgeois and classical  
12 schools, to model organisation-society relationships. In particular, they argue that an analysis needs to  
13 explicitly recognise uneven power distributions, conflict of interests and the possibility that sustainability (as  
14 an example of how the organisation interacts with society) may take place within a captured or controlled  
15 system. For example, Uddin et al. (2018) highlight how the agendas of the ruling political party in Bangladesh  
16 interplay with those of the powerful business leaders to influence the type of social responsibility activities  
17 being promoted by local banks. Soobaroyen and Mahadeo (2016) find that corporate attempts in Mauritius to  
18 engage more strategically with sustainability and other social responsibility activities/disclosures are not driven  
19 merely by a legitimacy-seeking exercise but also by a need to counter a State-driven narrative on the role and  
20 contribution of the private sector.  
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24 Hence, a neo-pluralist approach to the study of sustainability accounting and management practices enables a  
25 multi-level analysis. At one level, it highlights how these practices may lead to a range of symbolic as well as  
26 substantive changes with a view to ensure the achievement of a social contract and to satisfy stakeholders. At  
27 another level, there is an explicit consideration of the power imbalance(s) (e.g. between companies and  
28 beneficiaries of sustainability projects), conflict of interests (e.g. the role of the State in fostering Sustainable  
29 Development Goals while dependent on corporate investment/financial interests; the influence of politicians  
30 and key business leaders) and that there is an absence of genuine participation or exclusion of relevant  
31 stakeholders in implementing such activities.  
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34 **Agency theory** - One of the widely (explicitly or implicitly) used theories in sustainability accounting research  
35 has been the Agency Theory (hereafter AT). This is not surprising as in the core of AT stand the problem of  
36 information asymmetry between the principals and the agents and how this can be resolved. AT is based on  
37 the assumption that individuals are economically rational, and they are driven by their self-interest to maximise  
38 their own utility. Hence, there is an inherent conflict of interest in each principal-agent relationship which stems  
39 from the attempt of individuals to act on the most economically favourable way for themselves. When it comes  
40 to companies where the ownership is rather dispersed, top managers act as agents of the shareholders as the  
41 latter give authority to the former to act on their behalf. Although the delegation of power to agents comes with  
42 formal and informal expectations and obligations, in cases where the interests of the two parties conflict,  
43 opportunistic behaviour may arise with agents aiming at maximising their own utility, at the expense of  
44 principals' utility (Fama and Jensen 1983). One of the main factors that enable agents to act at the expense of  
45 their principals in a business setting is the presence of information asymmetry. Managers are (almost) always  
46 found to have superior information than the current and prospective investors who are not involved in running  
47 the business on a daily basis. This superior information places agents at an advantageous position as they can  
48 use this information to maximise their own utility. Investors, on the other hand, are aware of their  
49 disadvantageous information position and they will try to price protect themselves by seeking for higher returns  
50 or avoid trading (Dhaliwal et al, 2011). The larger the information asymmetry problem is perceived, the less  
51 willing to trade would investors be and the higher the return they would seek. Consequently, companies with  
52 higher information asymmetry problems face higher bid-ask spreads and transaction costs (Verrecchia 2001)  
53 and in turn higher cost of capital (Amihud and Mendelson 1986).  
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59 There is extensive empirical evidence which indicates that firms with superior (in terms of quality but also  
60 quantity) financial voluntary disclosures enjoy favourable economic consequences such as a higher market  
valuation, lower cost of capital and better market liquidity to name but a few (for reviews on this please see  
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Beyer et al, 2010; Healy and Palepu, 2001). Such findings indicate that current and potential investors are more willing to trade and demand a lower risk return when they have more/better information available. It has also been proposed to explain companies' sustainability reporting and management behaviour through the lens of AT and the information asymmetry problem. The rationale is that agents use sustainability accounting and management in order to enhance company's information environment and communicate value-enhancing activities (Dhaliwal et al, 2011 Lys et al, 2015) or conceal negative aspects of their activities (Prior et al, 2008). Under this approach, sustainability accounting and management are seen to be tools to mitigate agency problems. However, these tools are costly and empirical research is not conclusive about their impact (Kim et al, 2012; Greiner and Sun, 2021).

Recent advancements of AT such as the Behavioural Agency Theory (hereafter BAT) and the Social Theory of Agency (hereafter STA) are useful approaches to enhance our understanding over the role of sustainability accounting and management in addressing agency problems. Among others, BAT argues that agents are bounded-rational and loss-, risk-, and uncertainty-averse while they do not only seek for financial rewards but also seek social, ideological or psychological incentives (Pepper and Gore, 2015). In this light, sustainability accounting and management can be seen as an intervention tool which provides the agents with important non-financial incentives to act less opportunistically and hence align their actions with the interest of the company (Greiner and Sun, 2021). In this manner, BAT calls for taking into consideration intrinsic, non-financial (together with extrinsic, financial) motives to theoretically explain and practically incentivise agents' actions. Although prior studies have touched upon the importance of intrinsic/ethical motivations (e.g. Kim et al, 2012), we still lack a clear understanding of how non-financial incentives are associated with agents' sustainability accounting and management actions. STA, on the other hand, does not focus on the intrinsic motives of agents, but on the institutional settings in which principal-agent relations are manifested (Wiseman et al, 2012). STA argues that the relation between agents and principals cannot be examined in isolation of the institutional setting they act in as individuals act differently within different institutional contexts (Aguilera and Jackson, 2010). In relation to sustainability accounting and management, a set of studies have shown that sustainability reporting decisions of a company vary with the institutional setting the company operates in (Kolk and Perego, 2010) and these decisions are less driven by companies' characteristics when a strong sustainability-oriented institutional settings exists (Baboukardos et al, 2021). Nevertheless, there is a lack of studies examining the role of sustainability accounting and management on agency problems in different empirical settings. In this regard, research in EDE settings remains greatly sought, potentially towards revealing the combined nature of financial and non-financial incentives on sustainability accounting and management practices.

### **Summary of papers in this issue and their contributions**

This special issue intended to contribute to the ongoing debate on sustainability accounting, management and policy in EDEs with the following five papers covering a wide spectrum of theoretical and methodological approaches and examining relevant phenomena in various parts of the world.

Rezaee et al. (2020) focus on a rather underexplored empirical context (Iran) and the authors examine the association between environmental disclosures and firm risk. They show that firms with high quality environmental disclosures exhibit lower deviation of their earnings and hence lower risk. Through the lenses of stewardship and agency theories, their results indicate that firms engaging in high quality environmental disclosures improve their relationship with key stakeholder groups and this is reflected in their risk level. Jادیappa et al. (2021) examines the association between CSR expenditure and socially undesirable activities (namely heavy energy consumption and earnings management) in India. From a legitimacy perspective, they argue and empirically show that firms in India use CSR expenditure as a smokescreen to camouflage their socially undesirable activities. In light of the recent regulation in India mandating firms to engage in CSR expenditure, the authors argue that such regulation may not incentivise firms to engage with their stakeholders and thereby not generate a positive impact on society. Singh and Chakraborty (forthcoming) frame their Indian study under stakeholder theory and argue that both the level and quality of firm CSR disclosures reflect their engagement with stakeholders. They posit that to the extent that the level and quality of firms' CSR disclosures reflect their stakeholder engagement, such disclosures should be positively associated with firms' financial performance. Their empirical analysis demonstrates that this association indeed holds for accounting-based financial performance metrics (i.e. ROA and ROE).



1 Cabrera-Narvaez and Quinche-Martín examine the role of images in CSR reporting as a legitimation tool used  
2 by Colombian firms to promote their contribution to peace in an empirical context that has experienced intense  
3 armed conflict. The authors show that after the ceasefire between the government and the Revolutionary Armed  
4 Forces in 2016, Colombian firms promoted their commitment to peace by promoting social activities focusing  
5 on communities affected by the conflict and by appealing to the reader's *pathos*. Blesia et al explore the  
6 importance of community relations and development (CRD) activities in improving a firm's relationship with  
7 its stakeholders. Following stakeholder theory and focusing on the case of an Indonesian mining company in  
8 West Papua, the study highlights the challenges faced by the company when engaging with local indigenous  
9 populations and the actions by the company related to human development, human rights, preservation of  
10 culture and infrastructure development, to overcome those challenges. The results suggest that such actions do  
11 not always have the intended outcome and that collaboration with indigenous people, their leaders and  
12 representatives are essential.  
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16 Overall, the studies in this special issue provide insights both from the perspective of large and economically  
17 powerful EDEs as well from smaller (and less researched) settings. They reveal a contextual diversity bound  
18 by rising economic development and its consequences, the emerging role of state intervention (CSR  
19 regulation), the legacies of a difficult past and the challenging stakeholder relationships involving an EDE  
20 company. These studies also bring contextual insights to augment the theoretical analysis, either in terms of  
21 formulating expectations/hypotheses or in relation to the findings.  
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Table 1 - List of papers for the Special Issue

Authors	Title	Empirical setting	Theoretical framework	Methodological approach	Main findings
Rezaee, Zabihollah; Alipour, Mohammad; Ghanbari, Mehrdad; Jamshidinavid, Babak; Faraji, Omid	Environmental Disclosure Quality and Risk-Taking: Moderating Effect of Corporate Governance	Iran	Stewardship Theory / Agency Theory	Quantitative	Firms with high quality environmental disclosures exhibit lower deviation of their earnings and hence lower risk
Jadiyappa, Nemiraja; Parikh, Bhavik; Saikia, Namrata; Usman, Adam	Social Responsibility or Smoke Screening: Evidence from India	India	Legitimacy Theory	Quantitative	Firms use CSR expenditures as a smokescreen to camouflage their socially undesirable activities
Singh, Aditi; Chakraborty, Madhumita	Does CSR disclosure influence financial performance of firms? Evidence from an emerging economy	India	Stakeholder Theory	Quantitative	Accounting-based financial performance metrics are positively associated with both the quantity and quality of CSR disclosures
Blesia, Jhon; Wild, Susan; Dixon, Keith; Lord, Beverley	Corporate Community Relations and Development: Engagement with Indigenous Peoples	West Papua (Indonesia)	Stakeholder Theory	Qualitative	Although community relations and development (CRD) activities are important in improving a firm's relationship with its stakeholders, they do not always have the intended outcome and close collaboration with stakeholder is essential.
Cabrera-Narváez, Andrés; Quinche-Martín, Fabián	Imag(in)ing Colombian post-conflict in corporate sustainability reports	Colombia	Legitimacy Theory & Political Economy Theory	Qualitative	In a post-conflict environment, firms promote their commitment to peace by promoting social activities focused on affected communities and by appealing to the reader's pathos.

## Conclusion

The ever-growing concerns about the social and environmental consequences of the prevalent business model of our times have thus fuelled vivid debate over the broad issue of social and environmental *Sustainability*. Global developments and initiatives, in part associated to the current Covid-19 pandemic, indicate an acceleration towards the mandating of sustainability reporting and accountability in developed economies (Adams and Abhayawansa, 2021). There is heightened interest from the International Accounting Standards Board (IASB) Foundation, the Task Force on Climate-Related Financial Disclosures (TCFD), followed by the recent announcement of a merger between the US Sustainability Accounting Standards Board (SASB) and the International Integrated Reporting Council (IIRC). Yet, it appears the academic and professional debate has so far primarily focused on the context of and, viewpoints from, developed countries. At the same time, the EDE context has revealed insights about the development and implementation of a number of indigenous initiatives on sustainability accounting and management. As these particular policies and practices emerge from EDE research (Belal et al, 2013; Hopper et al, 2017; Qian et al., 2021), we argue that the findings can inform current international developments rather than being (merely) seen as practices at the margin.

Hence, there continues to be a need for understanding the driving forces, practices and consequences of sustainability accounting and management in EDEs, amongst EDEs and relative to advanced economies. In setting these out, we argue for a deeper and arguably more nuanced use of the ‘mainstream’ theoretical perspectives in EDEs, while acknowledging that other perspectives (e.g. institutional logics and postcolonial analysis; Mahmood and Uddin, 2020; Alawattage and Fernando, 2017) can also help provide insightful contributions.

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