Sustainability accounting regulation in Spanish public sector organizations

https://doi.org/10.1080/09540962.2018.1477669

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To cite this article: Carlos Larrinaga, Mercedes Luque-Vilchez & Rosa Fernández (2018) Sustainability accounting regulation in Spanish public sector organizations, Public Money & Management, 38:5, 345-354, DOI: 10.1080/09540962.2018.1477669

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Abstract

In 2011, the Spanish government made sustainability accounting mandatory for public sector organizations. This paper documents why, despite the new legislation, the quantity and quality of sustainability accounting practices remains low.

Keywords: Non-financial regulation; public sector organizations; Spain; sustainability accounting; sustainability reporting

Introduction

In 2011, the Spanish government made sustainability reporting, sustainable procurement and lifecycle costing mandatory for state-owned corporations and public business entities controlled by central government. The level of practice that this regulation stimulated did not match the initial intentions of the government. This fact motivated us to inquire into the reasons for the inactivity of Spanish public sector organizations (hereafter PSOs) in the area of sustainability accounting. This paper lays out the reasons for the limited effect of the Spanish government, sustainable accounting plans. Our findings will have policy-making implications and assist in the design of more effective sustainability governance.

Miller *et al.* (2008) explain that 'hybridisation can occur whenever two or more elements normally found separately are combined to create something new' (p. 961). They argue that academic research has been focused on organizational hybrid forms, rather than on the existence of hybrid practices, processes and expertise. Although it is important to keep in mind the hybrid character of PSOs (Thomasson, 2009; Christensen and Lægreid, 2011), this paper is concerned with the hybrid nature of sustainability accounting practices (Thomson *et al.,* 2014; Grubnic *et al.,* 2015), i.e. sustainability accounting practices that involve the combination of accounting techniques (costs, reporting or auditing) with sustainability issues (climate change, biodiversity or human rights).

Following Kurunmäki and Miller (2011) and Thomson *et al.* (2014), we adopted a governmentality perspective (Foucault, 1991) to try to interpret the complex regulatory context in which sustainability accounting operates in Spanish PSO organizations. Two key concepts in governmentality are 'programmes' and 'technologies of government' (Rose and Miller, 1992), both of which inform our analysis in this paper. First, we consider how the more abstract aspirations and ideals about the ends and the means of sustainability governance were mobilized into specific governance actions (programmes of government), (Gordon, 1991; Kurunmäki and Miller, 2011).

Second, we examine the techniques, procedures and practices that are the technologies of government. Accounting is one such technology. Some governmentality studies (for example Kurunmäki and Miller 2011; Thomson *et al.,* 2014) have used the term 'mediating instrument' for accounting instruments joining up high-level strategic programmes and local practices. Thomson *et al.* (2014) consider that accounting sustainability hybrids could play such a mediating role, translating larger political sustainable development programmes into local specific transformations. In this context, the Spanish government can be seen as having actively promoted sustainability accounting to realize their sustainability programmes.

Arguably, the potential of accounting sustainability hybrids to enable sustainable development lies in the ability to mediate between global policies and local actions, on the one hand, and between different disciplines (for example social and natural disciplines; Bebbington and Larrinaga, 2014), on the other. However, the impact of the Spanish plans on sustainability accounting has been limited—in this paper we explain why this is the case.

The rest of the paper is structured as follows.

First, we briefly describe the Spanish government's sustainability programme and how this was translated into the requirement of a set of sustainability accounting hybrids to be adopted in state-owned corporations and public business entities. Next, we summarize our research methods and then present our results and conclusions.

Sustainability programmes of government and PSOs

Following EU policies (for example EC, 2001), the Spanish Sustainable Development Strategic Plan (Gobierno de España, 2007a) and Climate Change Strategy (Gobierno de España, 2007b) gave the public sector major roles in terms of the achievement of sustainable development in Spain. The public sector's duties were to include sustainability policy-making and direct actions in pursuit of sustainable development.

It is interesting to note that those strategies also attribute to the public sector what we call 'moral' (i.e. exemplary) and 'evangelical' (i.e. educational) roles. For example, in its 2011 working paper on transparency and sustainability reporting (CERSE, 2011), the State Council on Corporate Social Responsibility (SCCSR) (Luque-Vilchez and Larrinaga, 2016) described the role of the public sector as:

•An exemplar organization.

•A driving agency.

•A diffusing entity.

•A provider of guidelines for private companies and organizations.

When the Sustainable Economy Law 2011 made sustainability reporting mandatory for large corporations, it also established compulsory sustainability accounting practices for all state-owned corporations and public business entities, regardless of their size. Table 1 shows how the publication of a sustainability report was the first substantive obligation introduced in 2011 for PSOs, suggesting the importance that the government attached to sustainability accounting in achieving sustainable development. Sustainability reporting is, therefore, examined in this paper as a mediating instrument (Thomson *et al.,* 2014) promoted by the Spanish government to embed its sustainability programmes into local PSOs. In this context, sustainability reporting is considered to be the hybridization of accounting, environmental, economic and social aspects, represented by the notion of 'triple bottom line' reporting.

Although the law did not stipulate clearly who should decide the characteristics and principles to apply for the preparation of PSO sustainability reports, it required PSOs to follow generally-accepted international standards, with the Global Reporting Initiative (GRI) guidelines as the key reference point (Dumay *et al.*, 2010).

Apart from sustainability reporting, the legislation required the use of other sustainability accounting hybrids, such as sustainable procurement and lifecycle environmental costing, that we also interpreted as mediating instruments (Luque-Vilchez and Larrinaga, 2016). Sustainable procurement (Brammer and Walker, 2011) combines a concern for social and environmental impacts with a concern for public finances and austerity and has a hybrid nature. Public procurement implies further hybridization by being associated in the law with the use of lifecycle environmental costing (Thomson *et al.,* 2014).

Research methods

To analyse and explain the changes produced by the regulation of sustainability accounting practices in PSOs, we took a mixed methods approach which allowed for triangulation (Ryan *et al.*, 1993). Two research methods were used: content analysis of published sustainability reports to determine the compliance of Spanish PSOs with Article 35 of the Sustainable Economy Law 2011; and qualitative interviews with relevant actors to explore the reasons for the limited effects of Spanish government plans and the limited role of sustainability accounting in PSOs. These research methods were complemented by a document analysis of reports produced by SCCSR and an analysis of relevant media reports.

Content analysis

A content analysis was undertaken on sustainability reports published by the regulated PSOs. The Sustainable Economy Law 2011 obliges state-owned corporations, i.e. limited companies owned by the state (sociedad anónima), as well as public business entities (entidad pública empresarial) and public organizations (organismo público), to produce sustainability reports. Those organizations were identified, and their size and characteristics obtained, from the IGAE (Intervención General del Estado) databases.

Although Article 35 does not establish any exemption for small PSOs, it seemed sensible to restrict the sample to the largest ones, because they would be most likely to report. Accordingly, we looked at 60 PSOs that were deemed to be

Table 1. Sustainability management activities made compulsory for PSOs.

Sustainable Economy Law 2011 mandates state-owned corporations and public business entities attached to the central government (Article 35) to adapt their strategic plans to implement seven policies:
Disclose an annual governance and sustainability report according to generally-accepted international standards, with particular attention to the equality between women and men and the full integration of people with disabilities.
Integrate environmental management principles and register with EMAS (the EU Eco-management and Audit Scheme).
Promote the adoption of CSR principles by suppliers.
Integrate carbon emissions performance and environmental protection into public procurement, provided that doing so is compatible with the nature of the contract and EU regulations. Wherever possible, public procurement should include an assessment of water, energy and materials savings and efficiency; life-cycle environmental costing; ecological production; waste generation and management; and the use of recycled materials.
Optimize energy consumption.
R&D initiatives to improve processes.
Promote job mobility and the adoption of new technologies and a culture of sustainability

‘large’ in 2013—representing 28.8% of the total number of PSOs controlled by the Spanish government. This sample included 34 limited companies, 13 public business entities and 13 public organizations. IGAE defines large companies as those that meet two of the following three conditions: total assets over 11.4 million euro; annual turnover over 22.8 million euro; and over 250 employees. A complete list of the PSOs is available upon request from the authors.

Subsequently, the sustainability reports produced by these companies between 2010 and 2013 were collected through a systematic search of the GRI database, PSO websites and direct contact with the organizations. The period of analysis was chosen considering that the law was published in 2011 and Article 35 entered into force in March 2012.

A thematic content analysis (Jones and Shoemaker, 1994), using the disclosure index developed by Luque-Vílchez and Larrinaga (2016), was performed to explore how quality and comprehensiveness of sustainability reporting changed because of the new regulation. This disclosure index was derived from Clarkson *et al.* (2008) and augmented by the inclusion of GRI indicators for the social and economic dimensions. The coding procedure consisted of assigning different items a 1/0 score for disclosure/non-disclosure and a 0–6 score to performance indicators, following the procedure designed by Clarkson et al. (2008). The score was then transformed into a 0–1 disclosure index (see tables 2 and 3). The validity of the thematic content analysis rests on the fact that the disclosure items form part of a well-known disclosure framework. In addition, 50% of the sustainability reports were analysed independently by a second coder.

Qualitative interviews

We held qualitative semi-structured interviews (Wengraf, 2001; Cassell, 2015). Thirteen interviews were conducted between November 2014 and March 2017 with nine members of the SCCSR and four CSR managers in PSOs (see table 4). The nine SCCSR interviewees were representative of the four groups (companies, unions, government and CSR organizations) that participate in the SCCSR. The SCCSR advised the Spanish government on the sustainability reporting regulations analysed in this paper. The members of the SCCSR were, in general, willing to be interviewed. This was in contrast to the CSR managers of PSOs who were generally hesitant and reluctant to be interviewed.

Considering the exploratory aim of this project and the nature of qualitative semi-structured interviews, the interview guide was flexible, adapting the questions to the interviewee’s context and adding new questions as we gained more knowledge (Miller and Crabtree, 1999). For example, interviews with policy-makers and union members provided a distinctive external perspective that required the authors to re-formulate the questions.

Table 2. Number and quality of sustainability reports published by public sector organizations controlled by the Spanish central government.

Panel A: No. of regulated and reporting organizations	*2010*	*2011*	*2012*	*2013*
(1) No. of regulated companies (reference year 2013)	60	60	60	60
Of which:	16	15	17	17
(2) …disclosing GRI reports				
(percentage)	27%	23%	28%	28%
(3) …disclosing non-GRI reports	4	6	9	8
(percentage)	7%	10%	15%	13%
(4) = (2) + (3) …disclosing sustainability reports	20	21	26	25
(percentage)	33%	35%	43%	42%
*Panel B: No. of reports and CSR disclosure index**	*2010*	*2011*	*2012*	*2013*
(5) = (6) + (7) = *N*	15	16	21	20
(6) = No. of GRI reports	11	10	12	12
(7) = No. of non-GRI reports	4	6	9	8
CSR overall disclosure index	0.194	0.204	0.181	0.184
CSR disclosure index (GRI reports)	0.235	0.239	0.220	0.218
CSR disclosure index (non-GRI reports)	0.081	0.146	0.129	0.130

*Since some holding entities produced a single report for different subsidiaries, we looked at 55 PSOs for this analysis. The CSR disclosure index measures disclosure quality. For that purpose, the score given to each sustainability report using the CSR disclosure index was transformed into a 0–1 scale.

Interviews were conducted in person by one member of the research team and lasted between 20 and 90 minutes. All interviews with council members were recorded and transcribed. Among the PSO interviewees, three of them refused to be recorded and wanted sight of notes taken by the researcher.

Interview transcripts and notes were analysed using codes in a process of data reduction (Miller and Crabtree, 1999; Berg and Lune, 2012). Apart from the content analysis, a document analysis (Berg and Lune, 2012) was carried out to enhance the reliability and validity of the interview findings. This analysis included documents produced by the council and its two presidents, as well as analysis of media reports.

Sustainability reporting activity

Between 2010 and 2013, 28 PSOs (out of a total of 60) were identified as publishing sustainability reports at least once a year; a maximum of 26 and a minimum of 20 entities were publishing sustainability reports in 2012 and 2010, respectively (see table 2, panel A). The maximum level of compliance with the sustainability reporting mandate was 43% in 2012.

Most of the sustainability reports were prepared following GRI guidelines, which suggests that GRI was an important reference for sustainability reporting in the Spanish public sector. Between four and nine organizations produced non-GRI sustainability reports each year.

To analyse the quality and comprehensiveness of content, we investigated

Table 3. Quantity and quality of CSR reports published by state-owned Spanish companies by type of company.

N		*2010*	*2011*	*2012*	*2013*
Panel A: No. of regulated and reporting organizations (GRI and non-GRI)					
Limited companies owned by the state (sociedad anónima)	34	11	10	13	11
Public business entities (entidad pública empresarial)	13	5	6	6	6
Public organizations (organismo público)	13	4	5	7	8
*Panel B: CSR overall disclosure index **					
Limited companies owned by the state (sociedad anónima)		0.157	0.181	0.183	0.188
Public business entities (entidad pública empresarial)		0.292	0.247	0.214	0.235
Public organizations (organismo público)		0.192	0.201	0.161	0.155

*The CSR disclosure index measures disclosure quality. For that purpose, the score given to each sustainability report using the CSR disclosure index was transformed into a 0–1 scale.

Table 4. Semi-structured interviews.

Panel A: SCCSR members			
Interviewee	*Organization*	*Role in SCCSR*	*No. of interviews*
Chief of staff	Business association	Member representing his/her organization (2013–present). SCCSR Group 1	1
Officer	Large trade union 1	Member representing his/her organization. Member of the Executive Council (2008–present) SCCSR Group 2	1
Officer	Large trade union 2	Member representing his/her organization. Member of the Executive Council (2008–present). SCCSR Group 2	2
Professor	Academic institution	Independent expert (2008- nowadays) SCCSR Group 3	2
CSR director	Spanish Confederation of Co-operatives	Member representing his/her organization (2008–present). SCCSR Group 3	1
Former government officer	Ministry of Employment	Former president of the SCCSR (2008-2011). SCCSR Group 4	1
Public officer	Ministry of Employment	Member of the Ministry of Employment in charge of CSR (2015–present). SCCSR Group 4	1
Panel B: No SCCSR members			
Interviewee	*Organization*	*Relation with SCCSR*	*No. of interviews*
CSR manager	PSO 1 (state-owned company)	None	1
PR manager	PSO 2 (state-owned company)	None	1
CSR manager	PSO 3 (state-owned company)	None	1
Institutional relations and CSR manager	PSO 4 (state-owned company)	None	1

55 PSOs, since some holding entities produced a single report for different subsidiaries (table 2, panel B). Disclosure quality was between 18% and 20% of the possible maximum quality (according to the CSR disclosure index). For reference, the scores found by Luque-Vílchez and Larrinaga (2016) for large Spanish companies were between 26% and 30%.

Dynamic analysis showed that, although the number of reporting PSOs increased after 2011, the quality and comprehensiveness of the information actually declined (table 2, panel B). However, differences were only statistically significant for the incidence of sustainability reporting when 2012 and 2010 were compared (Wilcoxon Z = -2.449 [2010–2012]; $p < 0.05$). The fall in disclosure quality after 2012 was not significant at any level.

Finally, we analysed whether there was any type of PSO that complied more effectively with the regulation and provided more comprehensive and higher quality disclosure (table 3). As regards compliance, the Kruskal– Wallis H test did not show statistically significant differences in any of the years considered (see table 3, panel A). Public business entities (entidad pública empresarial) consistently produced better and more comprehensive disclosures (table 3, panel B), but the difference in disclosure quality associated with the type of PSO was not statistically significant in any of the years examined.

In conclusion, the results indicated that the regulation of sustainability reporting for PSOs introduced in Spain by the Sustainable Economy Law 2011 produced an increase in the number of reports produced in 2012, but this increase in incidence was associated with a decrease in the quality and comprehensiveness of the sustainability reports. These findings were not affected by the type of PSO.

Sustainability accounting hybrids

Thomson *et al.* (2014) suggest that sustainability accounting hybrids can mediate between government sustainability programmes and PSO local sustainability transformations. The Spanish railways are a good example of sustainability accounting hybrids. This PSO discloses an annual full cost account that compares the external costs of different modes of transportation, estimating the annual savings that the railways provide to Spain (see figure 1). By making the externalities of transportation visible, this hybrid instrument (Miller *et al.,* 2008), which combines environmental science, economics and accounting, is constructing a sustainability case that mediates between decisions at the PSO level and strategic discourses of the importance of railways for sustainable transportation.

Public procurement provides a further example of sustainability accounting hybridization because it aims to combine the promotion of social and environmental goals with budgeting and financial objectives (Brammer and Walker, 2011) and its regulation is partly intended for the public sector to promote sustainable practices. For example, the CSR manager of one PSO affirmed that:

> *A few days ago our largest customer—a public business entity—called us and told us that he wanted detailed information about CSR in [a limited company owned by the state]* (CSR manager, PSO1).

However, these examples of hybridization do not seem to be representative of the accounting practices found in Spanish PSOs. Qualitative analysis of the reports showed a generalized lack of compliance with the sustainable procurement obligation contained in the law. We systematically analysed the reports searching for disclosures on sustainability procurement and/or lifecycle costing practices, but could not find any evidence of lifecycle costing practices. In relation to sustainable procurement, 65% of PSOs did not publish a sustainability report and therefore made no disclosures on sustainable procurement. In addition, 40% of the PSO who did publish a report did not mention sustainable procurement; 20% of these simply included a sentence stating that the organization was complying with the law (but omitted further detail).

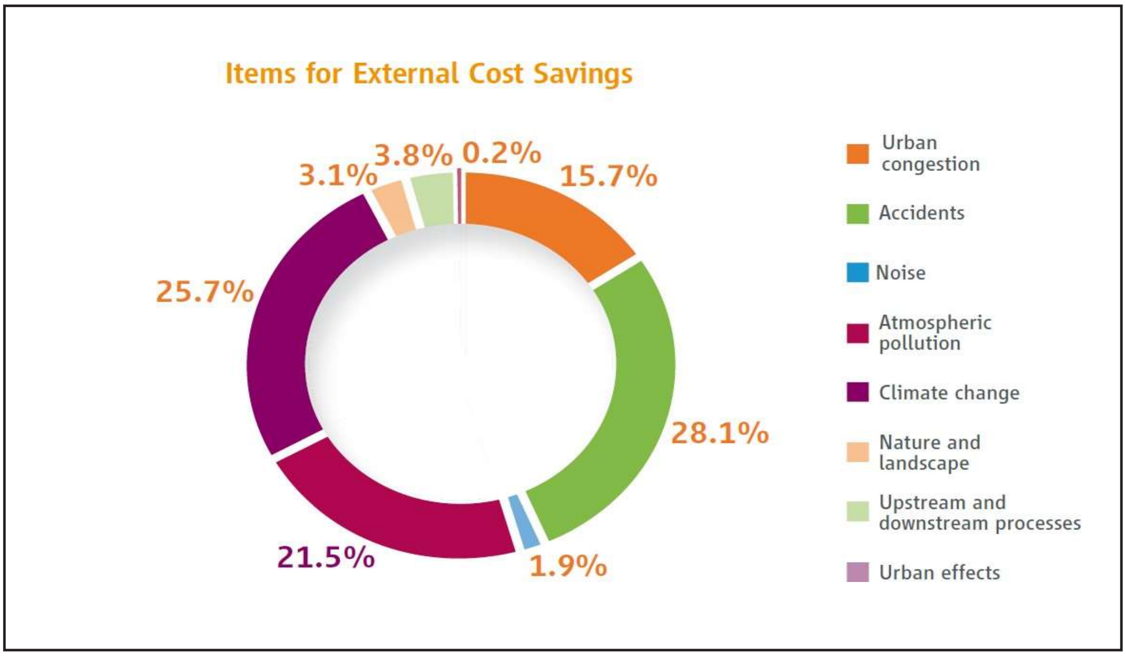
The remaining 40% of the reporters (15% of the full sample) disclosed limited details about the conditions required of their suppliers and contractors, in relation to the supplier's environmental management systems certification levels. We could not identify, however, any instance of application of the more substantive sustainability issues mentioned in the Spanish law (for example carbon emissions and environmental performance; see table 1).

Alignment between accounting hybrids and sustainability programmes

The (lack of) alignment of sustainability programmes with PSO activities emerged as a key explanation for the marginality of PSO sustainability accounting in two different ways: 'PSO invisibility' and 'political discontinuities'. PSOs were generally absent from the debates about corporate sustainability and, despite the 2011 regulation, the SCCSR had not co-opted any representative from them. There were some timid attempts to participate in the council:

> *It was us who asked [for] representation of PSOs [in the council]* (CSR manager, PSO1).

Figure 1. External costs saved by Renfe (from Renfe's 2010 *Sustainability Report*).



However, this invisibility allowed most companies to dismiss government rules because enforcement was perceived as unlikely (Oliver, 1991). PSO CSR managers' reluctance to be interviewed was interpreted as explicit evidence of dismissal tactics, as this SCCSR member revealed:

> *Currently public companies do not consider Article 35 in their daily lives. I just attended a forum to which I was invited, and such; and, sure, when PSOs are there, like the other day here in Madrid, they hang their heads in shame when you ask: 'well, where are your CSR plans? The ones you had to approve a year after the law? Where is the PSO strategy that also had to be approved?'* (Former government officer and SCCSR member.)

Further, some of our interviewees were unaware of the specifics of the sustainability accounting regulation. In one case, the PR manager of one entity that was publishing a sustainability report asked the interviewer:

> *Are you sure that we are disclosing a CSR report?* (PR manager, PSO2.)

Some interviewees thought that sustainability reporting was voluntary:

Do you think it's compulsory? I don't think so…Anyway, without the law or with the law, we are doing it, and it has been developing for years (CSR manager, PSO3).

The evidence suggests extensive PSO invisibility and an ignorance of the legal requirements relating to sustainability reporting. In these circumstances, it is highly unlikely that sustainability reporting can create any visibility on sustainability issues in PSOs.

On the other hand, the perception of the low levels of regulatory enforcement was justified by reference to the discontinuities of the sustainability programmes produced by the political process. The Sustainable Economy Law was approved in March 2011 when the social-democratic Spanish Socialist Workers' Party (PSOE) was in power and some interviewees said that some steps had been taken under the PSOE government to ensure the compliance of Article 35 by PSOs:

In the previous [PSOE] government…we met with the companies to see how PSOs could start to work to produce [sustainability] reports (former government officer and council member).

The Spanish general election in November 2011 resulted in a change in government that led the conservative People's Party (PP) to enforce the Sustainable Economy Law a few months subsequent to approval. And, although Article 35 was supported by the deputies of the conservative party, several interviewees suggested that the new conservative government was more reluctant to promote the CSR agenda in the public sector. Although the new government did not repeal the law, there has only been minimal development of accounting sustainability hybrids in PSOs. For example, despite statutory provisions included in Article 35, the government has not implemented a system for the disclosure of sustainability reports nor has it provided a definition of sustainable procurement (Walker *et al.,* 2012).

Generic versus local accounting sustainability hybrids

Thomson et al. (2014) also suggest that the transformative potential of accounting sustainability hybrids is likely to depend on the extent to which they consider local conditions. PSOs are hybrid 'organizations created in order to address public needs and to produce services that are public in character, at the same time resembling private corporations in the way they are organized and managed' (Thomasson, 2009, p. 353). They retain a particular mix of markets and hierarchies (Miller et al., 2008; Christensen and Lægreid, 2011). This complexity was evident in the examined organizations, with articulations such as the following:

The management process in [company name] directly depends on the guidelines received from the government…We cannot do anything without their authorization…We are a private company, a limited company…our management is quite peculiar (institutional relations and CSR manager, PSO 4).

Despite their complexity, the general view in the PSOs disclosing sustainability reports was that the appropriate standard 'is the one proposed by GRI' (CSR manager, PSO1). This is consistent with previous international findings on GRI domination of sustainability reporting practices in PSOs (Dumay et al., 2010). Our analysis suggests that GRI has been instrumental for the development of sustainability reporting in Spanish PSOs, as shown by the higher quality of the documents prepared following those guidelines. Interviewees explained how their sustainability reporting practice, associated to the GRI guidelines, preceded (and was not affected by) the 2011 regulation.

Previous literature (Dumay *et al.,* 2010; Thomson *et al.,* 2014; Grubnic *et al.,* 2015), however, has expressed concern about the use of generic accounting sustainability hybrids, such as the sustainability reports prepared according to the GRI guidelines, that were devised with a managerialist approach to promote CSR activities in private business organizations. Our interviews suggest that the Spanish PSOs are producing sustainability reports that just mimic the private sector:

> *To prepare our CSR report we follow, as private companies do…same sections and so on…the GRI guidelines* (CSR manager, PSO4).

In this regard, the fact that we could not identify sustainability accounting practices similar to those identified by Larrinaga and Perez- Chamorro (2008) a decade ago, suggests that GRI could be repressing discourses and disclosures that do not conform to GRI managerialist narratives.

Discussion and concluding comments

This paper has documented and explored the reasons for the lack of substantial changes following the regulation of sustainability accounting practices in PSOs in Spain. The Sustainable Economy Law 2011 attributed sustainability accounting a central role in the implementation of sustainability programmes in the public sector, mandating state-owned companies and other public organizations controlled by the central government to disclose an annual sustainability report and implement sustainable procurement as well as environmental lifecycle costing policies and practices.

The results of our content analysis showed that more than 50% of the analysed PSOs were not complying with the reporting obligation and that the comprehensiveness and quality of reports that were published was limited to around 20% of the proposed disclosure quality index. So the legislation did not have much impact on the number of sustainability reports nor on their quality.

This paper draws on Thomson *et al.*'s (2014) insights and a set of qualitative interviews with relevant actors to explain such sustainability accounting inactivity. On the one hand, for sustainability accounting hybrids to mediate between potential PSO sustainability policies and actual PSO transformations, there must be an alignment between programmes and accounting. Although the Spanish government had held discussions about the important role of the public sector in sustainable development, the empirical analysis evidenced a lack of alignment between the new sustainability accounting demands and the sustainability programme.

PSOs were excluded from state level discussions on sustainability and sustainable accounting, making these organizations almost invisible with regard to sustainability and CSR matters. This led to them engaging in dismissal tactics, which were consistent with the expectation that the sustainability accounting regulations were not likely to be enforced by the next government. This illustrated how vulnerable sustainability programmes can be with respect to the social and political changes.

The Spanish government has been shown to have been ineffective in explaining the effects of current programmes on future generation. The policy-making implications of our findings are that any attempt to regulate sustainability accounting, without including a comprehensive sustainability programme, is unlikely to change any practices in PSOs. Sustainability accounting is a mediating instrument that can highlight some issues, but communication and education are vital to deliver any real changes.

We also explored Thomson *et al.*'s (2014) proposition that generic accounting sustainability hybrids (for example GRI) are not suitable for mediation between government sustainability plans and the actual PSO transformation. Consistent with Dumay *et al.* (2010), this paper shows how Spanish PSOs assume that the GRI is the reference for sustainability reporting in the public sector. Rather than compulsory state regulation (see Bebbington *et al.*, 2012), the imitation of the private sector by PSOs explains most of their sustainability reporting practice. In this regard, despite the positive influence that the GRI might have on reporting activity, we conjecture that an exemplary and diffusing role in inter- generational equity requires a public sector version of sustainability accounting.

The full cost account prepared by the Spanish railways is an example of the accounting sustainability hybridization that could transform the consideration of sustainable development in PSOs (Thomson *et al.,* 2014). However, Spanish accounting regulation is not producing accounting sustainability hybridization. The practical implication is that governments need to find new directions in sustainability reporting for PSOs—relying on private sector models will not work.

Acknowledgments

This research was supported by the Spanish Government under Grant ECO2015-65782-P (MINECO/FEDER).

IMPACT

The Spanish government made sustainability reporting and related practices compulsory for public sector bodies in 2011. The aim was for the public sector to set an example for the rest of the country. The results were disappointing. Policy-makers and public sector managers will find the Spanish experience useful to develop effective sustainability reporting.

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