Accountability and the Use of Multi-Modal Impression Management Strategies in Corporate Social and Environmental Reporting

Claire Alison Horner

Bachelor of Business with First Class Honours, University of Tasmania

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Supervisors: Associate Professor Sue Hrasky, Professor Gary O'Donovan, Associate Professor Trevor Wilmshurst and Dr Sonia Shimeld.

Dedication

In loving memory of Sue Hrasky,

my guide, my mentor, and my very dear friend.

Declaration of Originality

This thesis contains no material which has been accepted for a degree or diploma by the University or any other institution, except by way of background information and duly acknowledged in the thesis, and to the best of my knowledge and belief no material previously published or written by another person except where due acknowledgement is made in the text of the thesis, nor does the thesis contain any material that infringes copyright.

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The research associated with this thesis abides by the *National Statement on Ethical Conduct in Human Research* and the rulings of the Safety and Ethics of the Human Research Ethics Committee of the University of Tasmania

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I wish to acknowledge my sincere appreciation to my supervisory team for their invaluable guidance, and to my family; Robyn, John, and Megan, for their unconditional and unwavering support.

Thank you.

Abstract

This thesis explores whether Australian organisations engage in social and environmental reporting (S&ER) for the purposes of discharging social and environmental accountability (S&EAA) to stakeholders. In doing so this study explores whether certain organisational choices result in a difference in the use of multi-modal impression management strategies, and the role external design and reporting consultants play in such organisational choices.

Organisations operate in complex social systems, and it is suggested that a single theoretical lens is not appropriate to examine organisational activities and communication. Rather a nexus of theories based upon the social constructionist, impression management, legitimacy theory, and stakeholder theory literature is proposed. A four-stage multi-case field study was undertaken adopting interviews and content analysis.

Results emphasise the importance of an S&ER 'champion' within the organisation, and that efforts to discharge S&EAA are hampered both by a lack of internal social and environmental accounting (S&EA) systems and a lack of support at top management level. This influences not only the provision of resources to S&EA and S&ER but also organisational culture toward S&EAA. The employment of external design and S&ER consultants plays an important role in supporting clarity of message in S&ER, and in encouraging organisational introspection and cultural change.

Socially constructed organisational identities are complex and somewhat anthropomorphised. Of concern is that this construct fails to acknowledge the true nature of the organisation as a network of individuals. Accountability requires an acknowledgement of responsibility, which when assigned to the corporation also needs to be linked to the individual to be operationalised.

This study is one of the few to consider the role of design and designers in S&ER, and is one of the only known studies to provide interview data regarding the views of external consultants on the S&ER process in an Australian context. It contributes to the existing literature by providing rich primary qualitative data supported by an analysis of secondary data resulting from a field study involving ten cases. The exploratory nature of this study provides opportunities for future research, including experimental analysis to determine the effectiveness of organisational communication methods from a stakeholder perspective, in addition to a longitudinal study

involving follow-up interviews in five years' time with the early-stage reporters, to explore the extent to which they were able to implement their personal ideals in practice, and the challenges they faced in endeavouring to do so.

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1.1 Introduction

It has been established that with the passing of each day approximately 14,000 hectares of forests are lost globally, 26,000 tonnes of toxic chemicals are released into the environment, and almost 100,000,000 tonnes of CO_2 emitted at a rate of over 1,000 tonnes per second (Worldometers, 2013[1]). It is estimated that the global species extinction rate is between 1,000 and 10,000 times the rate it would be if human beings did not exist (WWF, 2013), and according to the Australian Wildlife Conservancy (2013) Australia holds the dubious record for the highest mammal extinction rate in the world. Human beings dominate the planet and scientists estimate that if we continue at our current rate of resource consumption many of the biological resources that we presently take for granted, and indeed depend upon for survival, will be irretrievably lost within just a few generations (Barnosky et al., 2012). Urgent action is needed if human life, as we know it, is to be sustained.

The purpose of this chapter is to identify the role large corporations play in contributing to these situations, and to the solutions, and as such set the scene for the remainder of this thesis. A brief history of the social and environmental issues caused by capitalism, industrialisation, and the focus on profit maximisation is provided in Section 1.2, before the justification and purpose of this research project is provided in Section 1.3. An overview of the thesis is then provided in Section 1.4.

1.2 Industrialisation, Capitalism and the Multinational Corporation

The industrial revolution and increasing globalisation have changed the way in which society conducts business, and have provided a means for individuals and networks of individuals to amass capital on previously unheard of scales (Clark, 1916; Burns, 2012). The growth of capitalism and industrialisation has seen the birth and increasing power of the multinational corporation. These organisations are key instruments for human inventiveness and provide many

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[1] Worldometers provides real time statistics regarding a number topical of social and environmental activities, and was selected as the content provider at the United Nations Conference on Sustainable Development (Rio+20) (Worldometers, 2014).

benefits to the societies in which they operate, such as increased employment opportunities and economic growth, improved infrastructure, and have the potential to transfer wealth generation to developing countries (Redmond, 2005; Mukherjee Reed & Reed, 2010). The multinational corporation is extremely powerful in its magnified capacities with respect to financial resources and scale of operation. However, this also results in a magnified capacity for social and environmental harm (Redmond, 2005). Several highly publicised incidents involving the destruction of entire communities and eco-systems, such as the Exxon Valdez oil spill, the Chernobyl disaster, the Union Carbide chemical leak, and Shell's operations in Nigeria, have resulted in public outcry and a growing mistrust of large for-profit organisations (Friedman & Miles, 2002; Schultz, Hatch, Larsen, Fombrun & Rindova, 2002, Maharaj & Herremans, 2008). As public trust diminishes, there is a corresponding increase in the demand for transparency (Delfgaauw, 2000).

In an effort to meet the demand for transparency, organisations use a number of different methods to communicate with their stakeholders, and communicate on a variety of different themes. One of the areas of corporate communication that has gained increasing attention in the academic literature is that of corporate social responsibility (CSR) and social and environmental performance (Hooghiemstra, 2000; Kolk, 2010; Kolk & van Tulder, 2010). However, whilst levels of organisational CSR communication have been shown to be increasing (KPMG, 2011), we continue to witness examples of corporate irresponsibility (Tschopp, 2003). In recent years we have seen the global financial crisis, which Russell (2010) suggests was instigated in part by unscrupulous lending practices such as the provision of "NINJA" loans (no income, no job, and no assets? No problem!) (Russell, 2010); the BP oil spill in the Gulf of Mexico, the largest oil spill in U.S. history for which BP has reportedly been ordered to pay a record four billion U.S. dollars in criminal costs (Smithsonian Institution, 2013); and the Fukushima Daiichi nuclear plant disaster, initially thought to be caused by the tsunami that devastated much of Japan but now reported to be the result of poor maintenance and human error. It has been suggested that the aftermath of these events is expected to continue well into the future (Meng-Ju & Hsu, 2013; Reddall, 2013).

Furthermore, the capacity for the multinational corporation to transfer wealth generation to developing countries appears to be underutilised. The last 100 years have seen multinational

corporations increasingly closing domestic manufacturing facilities, often with detrimental consequences for those local communities, and sourcing their manufacturing in developing countries where labour costs are reduced, and working and manufacturing conditions less regulated (Clark, 1916; Redmond, 2005). Whilst there are many examples of the benefits such a transfer may bring to developing nations, such as improved infrastructure, employment opportunities, and indigenous health and education, there are also examples of multinational corporations exploiting developing economies and working conditions in order to provide products to those in the developed world at a reduced cost of production, and many high-profile corporations have suffered these embarrassing exposures in their supply chain.

The working conditions in Apple's iPad factory in China have been suggested to be so poor the factory operators introduced suicide prevention nets, and Australia's iconic Sherrin football was revealed in the media to be produced by child labour in India. The deaths of 1,129 garment factory employees in Bangladesh, allegedly due to being forced to work in unsafe conditions, led to public outcry and calls to boycott several high-profile clothing retailers (Duell, 2012; Gardiner, 2012; Butler, 2013).

Capitalism and the 'free-market' have been widely espoused as the facilitators of global economic development. However, inequalities are evident nationally and internationally, with respect to both economic factors and quality of life (Browne, 1972; Cooper, 2005). It is estimated that 46% of the world's economic wealth is owned by 1% of the global population, whilst approximately 80% have wealth of less than $10,000 U.S. dollars and 50% live on less than $2.50 per day, with over 30,000 people dying of hunger on a daily basis (Credit Suisse, 2013; World Bank, 2013; Worldometers, 2013). Furthermore, it has been suggested that over the last decade global wealth inequality had increased rather than decreased, particularly within developed nations, in which such inequity has historically been more constrained (Global Finance, 2013). Therefore, it appears global wealth is increasingly concentrated amongst a privileged and powerful few. It is a commonly acknowledged law of economics that 'goods' and 'bads' are produced in equal proportions, and it is increasingly evident that those who enjoy the spoils of the 'goods' very rarely suffer the effects of the 'bads'. The disruptive effects of development on non-participants are well documented, leading to suggestions that CSR is but a

myth, and the resulting effusions nothing short of propaganda (Browne, 1972; Boulding, 1982; Collison, 2003; Ngwakwe, 2011).

The dissonance between organisational claims to CSR and actual corporate behaviour may be due in part to the fact that there is no single established definition of CSR, with at least 37 different definitions cited in the academic literature alone (Dahlsrud, 2008; Schwartz & Saiia, 2012). The term has been subject to a great deal of debate in the literature and two opposing views remain, with some (e.g. Sternberg, 2009) taking the narrow view famously espoused by Milton Friedman in the 1970s that the only social responsibility of an organisation is to generate wealth for its owners (Schwartz & Saiia, 2012). Others have argued that "it is not good to imagine that there are no laws to which men [sic] […] are responsible other than the law to get all that they can" (Clark, 1916: 220), and have taken a broader view of CSR than Friedman's narrow profit maximisation approach (Redmond, 2005; Schwartz & Saiia, 2012), and it has been argued that accounting should take a broader focus to include social and environmental impacts (Cooper, 2005; IFAC, 2006).

Accounting and finance are at the heart of the economic and political system of the developed world (Cooper, 2005). Over the last forty years we have seen the import of capital market theories with the 'rational economic person' assumption into accounting theory and research, which combined with a relative lack of critical accounting research has led to a lack of development in the field (Laughlin, 1999; Reiter & Williams, 2002). It has now been over two decades since the European Union (EU) called upon the accounting profession to redefine accounting concepts, conventions, rules and methodologies to incorporate broader aspects of organisational performance. However to date the profession has largely ignored these calls (Deegan, 2009).

The focus on profit maximisation stems largely from the narrow economic focus of financial accounting, and from the various financial measures commonly used to evaluate the performance of for-profit organisations (Deegan, 2009). One of the major criticisms of financial accounting, which the aforementioned call from the EU was largely attempting to address, is its failure to account for externalities. By its very nature, financial accounting does not account for social and environmental impacts unless poor social and environmental performance has a direct financial impact in the entity. However, there are costs associated with the social and environmental

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impacts of organisational activities, and the structural incentives to externalise those costs simply result in those costs being transferred to those that can least afford them (Redmond, 2005). Globalisation and complex corporate structures simply offer more opportunities for externalisation, and it has been argued that many accounting rules are predisposed to the concealment of environmental information (Wilmshurst & Frost, 2000; Redmond, 2005). Accountants are responsible for determining what will be recognised, and in doing so determine what it is the corporation will be held responsible for (Hines, 1988). Therefore, it has been argued that accountants could contribute to social and environmental sustainability by accounting not only for the direct financial impacts on the organisation, but also the social and environmental externalities caused by the organisation (Gray, 1992). Innumerable opportunities for research exist in such an urgent and issues-driven area. The following section outlines the rationale for this research project.

1.3 The Rationale for the Research Project

As highlighted in the previous section, one outcome of public mistrust resulting from irresponsible corporate behaviour is an increase in CSR communication, and debate regarding what it is that constitutes corporate social responsibility continues. Financial accounting has been criticised for its overemphasis on profit maximisation and it is evident that the present capitalist economic system has not only failed to contribute to equal wealth distribution through economic development; it has actually served to transfer damaging social and environmental impacts away from those with capital to those already disadvantaged. Whilst we are seeing an increase in the provision of organisational CSR communication, we continue to witness examples of social and environmental damage resulting from corporate irresponsibility.

The adoption of the practices and principles identified within the concept of sustainable development has been espoused as a panacea for such irresponsible behaviour, as it provides a compromise between eco-justice and economic development. However, as with CSR, the term 'sustainability' is vaguely defined and thus open to interpretation. The most commonly cited definition of 'sustainable development' is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs", and is concerned with social, environmental, and economic sustainability (United Nations, 1987: 36).

However, references to 'sustainability' often relate to the ability of organisations to continue to profit in the future, rather than the social and environmental needs of present and future generations (Bebbington, 1997; Kuruppu & Milne, 2011). To overcome this issue the terms used in this thesis will be defined in Chapter 2.

Increasing numbers of organisations are reporting on their social and environmental performance, and there have been suggestions that such reporting is an exercise in propaganda and is used to manage stakeholders' impressions of the reporting entity (Snider, Hill & Martin, 2003; Ngwakwe, 2011). Financial accounting has been criticised for reinforcing the capitalist status quo and growing wealth inequality and environmental degradation. However accounting is a social construct (Hines, 1988), and whilst accounting standards maintain a focus on financial performance, there is evidence that some organisations are implementing systems to account for their social and environmental performance.

Therefore, the purpose of this thesis is to explore what motivates Australian organisations to report upon their social and environmental performance, whether the organisational choices made in the reporting process indicate that they are accounting for their social and environmental impacts, and the actual choices made in presenting their social and environmental performance to stakeholders. In doing so this study explores whether certain organisational choices result in a difference in the use of multi-modal impression management strategies, and the role external design and reporting consultants play in such organisational choices. The research questions developed, based on the literature reviewed are:

> **RQ1:** Do certain organisational choices about measurement and reporting of social and environmental information appear to reflect an organisational desire to discharge S&EAA?
>
> **RQ2:** Do those organisational choices result in a difference in the use of disclosure strategies in S&ER?
>
> **RQ3**: To what extent are external consultants involved in the S&ER process?
>
> **RQ4:** How do those consultants influence S&ER practices?

1.4 Overview of the Thesis

This thesis is structured as follows. The key terms to be used throughout this thesis are defined in Chapter 2, in which a discussion regarding the relationship between accounting, reporting, accountability and social accountability is also provided. A clarification of what is meant by 'social and environmental accounting' and 'social and environmental reporting' is provided, and it is argued that these terms are not synonymous, despite the tendency in the literature to treat them as such. Three possible scenarios with respect to organisational social and environmental accounting and reporting are provided, in addition to a brief overview of the regulatory social and environmental reporting requirements in Australia, and the various reporting frameworks available.

The steps required to discharge social and environmental accountability are discussed in Chapter 3, in which a normative model is provided together with a review of practice. It is argued that in order to discharge social and environmental accountability, five consecutive steps should be undertaken, including the measurement and management of social and environmental information, the publication of an external account of that information to those to whom the organisation is responsible, the active engagement with stakeholders in order to determine the extent of organisational responsibilities, the provision of assurance for the reported information, and the active engagement with stakeholders in the assurance process to ensure that all material information has been provided.

The theoretical framework used in the study is developed in Chapter 4. Organisations operate in complex social systems, and it is suggested that a single theoretical lens is not appropriate to examine organisational activities and communication. Rather a nexus of theories based upon the social constructionist, impression management, legitimacy theory, and stakeholder theory literature is proposed. The nexus of theories seeks to explain aspects of the construction of organisational identities and self-presentations at the individual, organisational and societal levels.

A summary of the literature reviewed in the previous chapters is provided in Chapter 5, in which the research questions and propositions of the present study are developed. Based upon the gaps identified in the prior literature the research questions are concerned with organisational choices

in the social and environmental reporting process and whether those choices are indicative of a desire to discharge social and environmental accountability, whether those choices result in a difference in organisational social and environmental disclosure practices, and the extent of involvement of external design and reporting consultants in such decisions.

The research methods and methodology used to address the research questions and propositions developed in Chapter 5 are discussed in Chapter 6. An in-depth field study involving multiple cases is proposed involving four stages of analysis, including interviews with ASX listed organisational representatives regarding their social and environmental accounting and reporting practices, the analysis of the content of the social and environmental reports produced by those organisations, interviews with external design and reporting consultants employed by organisations to assist with their social and environmental reporting, and the analysis of the design, navigability and accessibility of the reporting organisations' websites.

The results of each stage of this analysis are discussed in Chapters 7 to 10, before a consolidation of the key results from each stage of the research is provided in Chapter 11, and a conclusion addressing the research questions is provided in Chapter 12. The results emphasise the importance of an S&ER 'champion' within the organisation, and that efforts to discharge social and environmental accountability are hampered both by a lack of internal social and environmental accounting systems and a lack of support at top management level. This influences not only the provision of resources to social and environmental accounting systems but also organisational culture toward social and environmental accountability. The employment of external consultants plays an important role in supporting clarity of message in social and environmental reporting, and in encouraging organisational introspection and cultural change. Socially constructed organisational identities are complex and somewhat anthropomorphised. Of concern is that this construct fails to acknowledge the true nature of the organisation as a network of individuals. Accountability requires an acknowledgement of responsibility, which when assigned to the corporation also needs to be linked to the individual to be operationalised.

In order to consider what is meant by organisational accountability, the term must first be defined. As noted above, the concepts of CSR and sustainability have varying definitions according to individual perceptions. Therefore, a discussion regarding what it means to be

accountable, and the relationships between accountability, social and environmental accounting, and social and environmental reporting is provided in the following chapter.

Chapter 2 - The Relationship Between Accountability, Social and Environmental Accounting, and Social and Environmental Reporting

2.1 Introduction

In order to address whether certain organisational choices regarding the measurement and reporting of social and environmental information appear to be reflective of a desire to discharge accountability to stakeholders, or whether they are merely an attempt to create the impression that the organisation is socially and environmentally responsible, the purpose of this chapter is to emphasise and articulate three issues. These being (1) that accounting, accountability, and social and environmental accounting are inextricably linked; (2) that the terms 'social and environmental accounting' and 'social and environmental reporting' are not synonymous, despite tendencies in the literature to treat them as such; and; (3) that organisations may be undertaking social and environmental accounting without social and environmental reporting, or vice versa, neither of which resulting in the discharge of accountability.

The practice of accounting has been criticised for its support of capitalist and economic values (Hines, 1989), and for its role in the degradation of the natural environment (Bebbington, Gray, Thomson & Walters, 1994). However, the late 1980s and early 1990s saw the emergence of a school of thought suggesting ways in which accounting should play a role in re-orienting organisational activities to the environment by accounting for environmental impacts, which was supported not only by accounting academics, but also accounting practitioners, and business and political communities alike (Bebbington et al., 1994).

The majority of the accounting literature has since moved away from the practice of social and environmental accounting to focus on external corporate social and environmental reporting practices (e.g. Deegan & Gordon, 1996; Deegan, Rankin & Voght, 2000; Frost, Jones, Loftus, & Van Der Laan, 2005; Ballou, Heitger, Landes & Adams, 2006; Yusoff & Lehman, 2009). The more recent literature tends towards the assumption that the terms 'accounting' and 'reporting' may be used interchangeably, without apparent consideration of the definitions and implications of those terms. As a result of this confusion surrounding the terminology, it remains unclear whether those organisations reporting upon their social and environmental performance are actually engaging in social and environmental accounting, despite accounting being essential if

an organisation is to discharge its accountability to stakeholders (Gray, 2000; Deegan, 2009). In order to establish the relationship between accountability, social and environmental accounting and social and environmental reporting, an overview of social and environmental accounting and reporting, and current reporting practices will be provided. Social and environmental *accounting* is considered in Section 2.2. The terms are first defined, followed by a discussion regarding the relationship between accounting, accountability, and social and environmental accounting.

The concept of social and environmental *reporting* is considered in Section 2.3, where again the terms are first defined, followed by a discussion regarding the relationship between social and environmental reporting and social and environmental accounting, and why the terms must be considered distinctly. Three possible scenarios in the context of organisational behaviour surrounding social and environmental accounting and reporting are then provided, before a brief overview of the regulatory social and environmental reporting requirements in Australia is provided in Section 2.4, and the various reporting frameworks and guidelines available are discussed in Section 2.5.

2.2 Accounting, Accountability and Social and Environmental Accounting

Before considering what is meant by social and environmental accounting, the terms 'accounting' and 'accountability' must first be defined. One generally accepted definition of accounting is that it "is a *process* of *identifying*, *measuring* and *communicating* economic information to allow *informed decisions* by the users of that information" (Trotman & Gibbins, 2009: 3) (emphasis added). The use of the term *process* in this definition must be emphasised, as it implies an active, systematic and ongoing engagement in the identification, measurement and communication of information.

Accountability has many definitions but for the purposes of this thesis is defined as "the duty to provide an account (by no means necessarily a *financial* account) or reckoning of actions for which one is held responsible" (Gray, Owen & Adams, 1996: 38, emphasis in original). This definition suggests that accountability involves two duties, or responsibilities; the responsibility to engage in certain activities (or to refrain from engaging in certain activities), and the responsibility to provide an account of those activities (Gray et al., 1996). Furthermore, the

provision of an *account* implies that the process of identification, measurement and communication is required.

These similarities and differences between the definitions are displayed in Figure 1. This diagram shows that whilst accounting and accountability share several similarities, namely the identification, measurement and communication of financial information, they also share distinct differences regarding the type, purpose and intended audience of the communication.
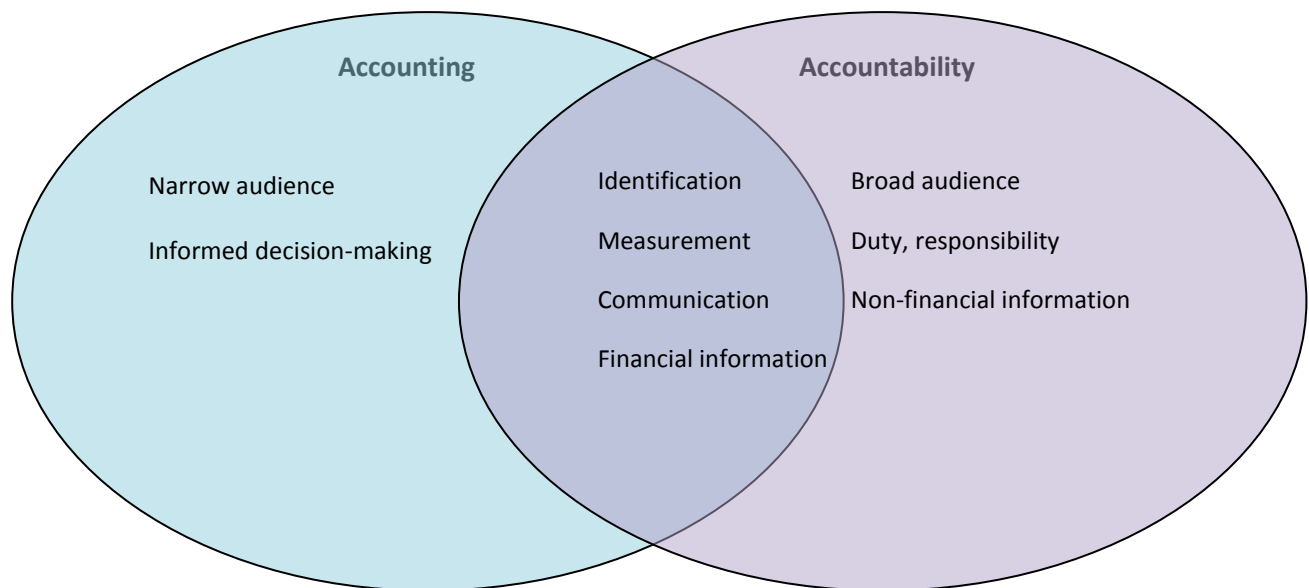
Figure 2.1 - The similarities and differences between accounting and accountability

The first important difference is the intended audience of the information, which in accounting comprises the users of financial information. Accountability requires an account of actions for which the organisation is held accountable, which implies a much broader audience than simply those with an economic interest in the organisation. Whilst both definitions require communication to these audiences, the second important difference lies in the purpose of the communication. In the case of accounting, the purpose of communication is to allow informed decisions by users, whilst the purpose of communication when discharging accountability is to provide an *account* or *reckoning* to those to whom the organisation is held responsible. Those to whom the organisation is held responsible are those who may be impact or be impacted by organisational activities and thus have a right to know about those activities. Therefore, unlike the provision of information referred to in the definition of accounting, which is a means to an

end, driven by user demand, the provision of information for the purposes of accountability is an end in itself, driven by a sense of duty (Deegan, 2009).

The third difference arising from a closer examination of these definitions is that whilst accounting focuses solely on economic events that can be measured in financial terms (Gray, 2000), accountability also requires the process of identification, measurement and communication (or *accounting*) of non-financial information (Gray, 2000; Deegan, 2009; Samkin & Schneider, 2010). This requires organisations' accounting systems to encompass a wider view of *accountability*, rather than restricting their focus to financial accounting (Deegan, 2009). Therefore, in order to discharge their accountability to various stakeholders, organisations must undertake the process of the identification, measurement and communication of non-financial information in addition to financial information.

The focus of accounting on solely economic information suggests that the information may be of use only to those with an economic interest in the organisation, indicating a very narrow focus on financial stakeholders. Furthermore, the 'entity assumption' adopted by traditional financial accounting requires that the organisation be held distinct from its owners, other stakeholders and other organisations, resulting in any event not directly affecting the entity effectively being ignored for accounting purposes. The 'entity assumption' in accounting means that events caused by organisations will only be recorded if they have a direct impact on the organisation, regardless of the impacts they may have externally (Gray, 2000). In contrast, organisations have a duty to provide information regarding any external impacts of their activities, should they wish to more fully discharge accountability.

The notions of duty and responsibility suggest that an organisation has an ethical obligation to provide an account of all actions for which it is held responsible, regardless of whether those actions only directly affect the organisation. Adams (2004: 732) suggests that accountability "demonstrates corporate acceptance of its ethical, social and environmental responsibility". Therefore the discharge of accountability requires the *identification* of what the organisation is responsible for, and the *communication* of information regarding those responsibilities to those who have a *right to know* (Gray, 2001). The ethical approach suggests that organisational responsibilities extend beyond their legal responsibilities (Dowling & Pfeffer, 1975), and that society as a whole has a right to information, rather than just those with a financial interest in the

organisation (Deegan, 2009), which in turn suggests that any information disclosed for the purposes of accountability must be made publicly available.

These similarities and differences shown in Figure 1 emphasise the relationship between accounting and accountability, and highlight the reasons why these terms should be considered discretely. Whilst it has been suggested that the concepts of 'accounting' and 'accountability' cannot be considered independently of each other (Deegan, 2009), it is argued here that whilst accounting may be conducted without any endeavour to fully discharge accountability, accountability may not be discharged without first engaging in accounting. Whilst accounting requires the identification, measurement and communication of economic information, the discharge of accountability not only requires the process of accounting; it also requires the identification, measurement and communication of non-financial information.

Organisations that wish to fully discharge accountability must recognise a responsibility to a broader group of external stakeholders, regardless of whether those stakeholders have a direct financial interest in the organisation. Furthermore, the communication of information to stakeholders is done, not for the sole or main purpose of aiding decision-usefulness for users, but for the purpose of providing an account to those to whom it is held responsible. Deegan (2009) states that if managers accept that they have a responsibility (or accountability) with respect to their organisation's financial, social and environmental performance, they will provide not only a financial account, but also a social account and an environmental account. This requires organisations to engage in social and environmental accounting in addition to financial accounting.

Social and environmental accounting has been defined in various ways and there appears to be a great deal of confusion surrounding the terminology. Gray (2000: 250) attempts to resolve this confusion by defining social accounting as:

> "the preparation and publication of an account about an organisation's social, environmental, employee, community, customer and other stakeholder interactions and activities, and, where possible, the *consequences* of those interactions and activities. The social account may contain financial information but is more likely to be a combination of quantified non-financial information and descriptive, non-

quantified information. The social account may serve a number of purposes but *discharge of the organisation's accountability to its stakeholders* must be the clearly dominant of those reasons and the basis upon which the social account is judged (emphasis added)."

When defined in this way, social accounting encompasses both accounting and accountability, with social accounting also requiring, where possible, consideration of the consequences of interactions and activities. However, as stated above, whilst the practice of *accounting* is necessary for the discharge of *accountability*, accounting may also occur without any attempt to discharge accountability to all interested stakeholders. Gray (2000) considers 'social accounting' to be the broad term encompassing all potential accountings, of which financial accounting is simply a subset, and argues that accountability must be central to social accounting. Therefore, this inherent requirement of accountability suggests that Gray's 'social accounting' may be more accurately termed *'social and environmental accountability'*, to be held distinct from the *process* of *accounting* for social and environmental interactions and activities. This relationship is shown in Figure 2.

Several important aspects of this relationship must be emphasised. The first is that social and environmental accountability requires the preparation of an account, which involves the *process* of *identifying*, and then *measuring* relevant information. However, unlike financial accounting, social and environmental accounting also considers external interactions, and is more likely to contain a combination of quantitative non-financial data and qualitative data. Furthermore, social and environmental accountability requires, where possible, the provision of information regarding the *consequences* of a corporation's interactions and activities.

Another important aspect of the relationship between accounting, accountability and social and environmental accountability is that whilst the purposes of communication for accounting and accountability purposes are completely distinct, with one being to aid decision-making and the other due to a sense of duty, the definition of social and environmental accountability recognises that accounts may serve a number of purposes. However, the discharge of the organisation's accountability must be the predominant purpose of the communication (Gray, 2000). Therefore, should organisations wish to discharge their social and environmental accountability, they must first engage in social and environmental accounting, and this engagement must be mainly due to

the recognition of a responsibility to provide information to those who have a right to know (Gray, 2001).
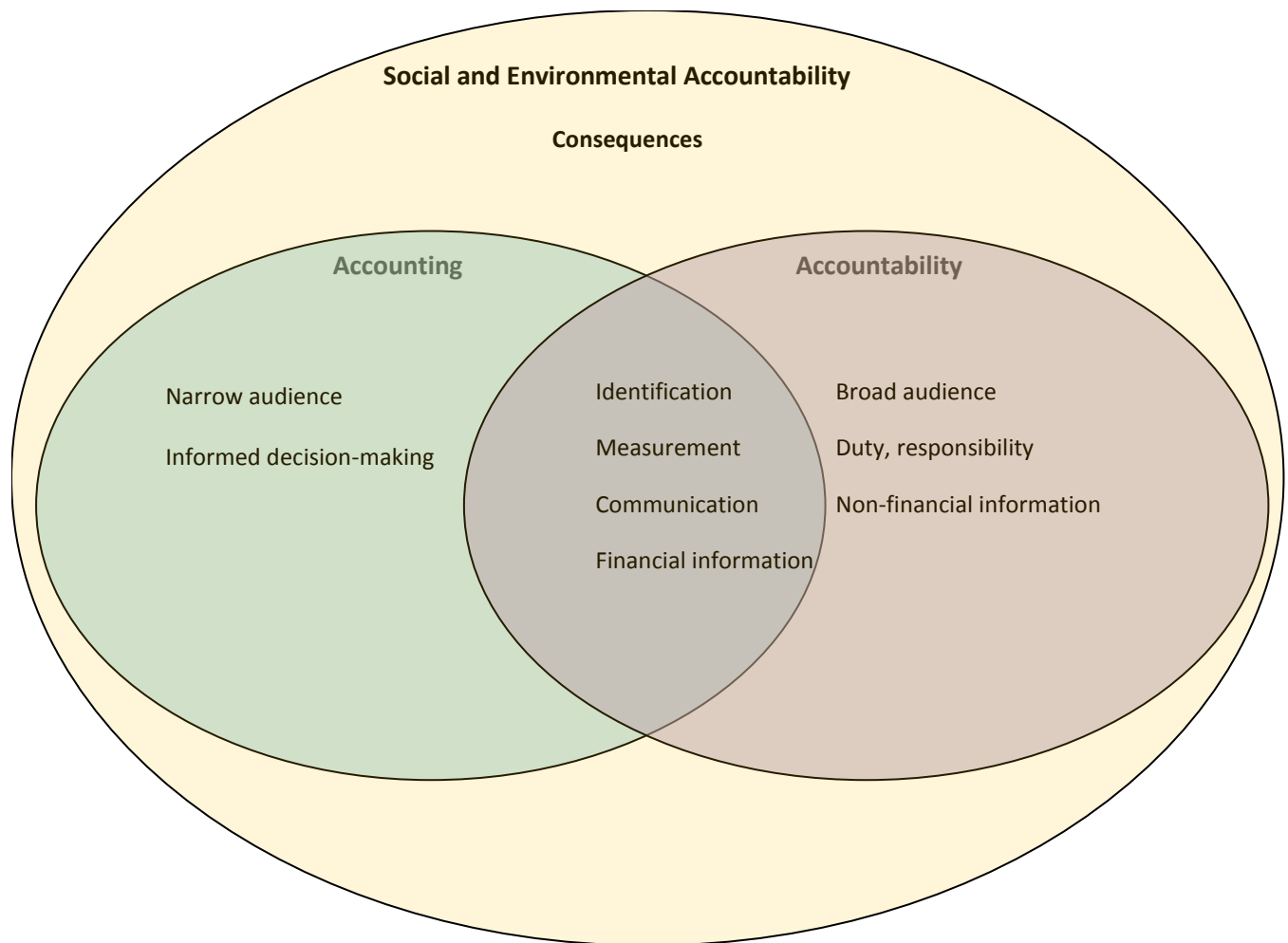
Figure 2.2 - The relationship between accounting, accountability and social and environmental accountability

In summary, Gray's (2000) broad definition of social and environmental accountability encompasses both accounting and accountability. However, whilst *accounting* (whether it be financial, social or environmental) may occur without the discharge of *accountability*, *social and environmental accountability* may not be discharged without first engaging in the *process* of *social and environmental accounting*. Furthermore, accountability may not be discharged without first acknowledging a responsibility to provide information regarding the activities for which one is held responsible, or to those who have a right to know, which results in the necessary publication of an external account.

Throughout the preceding discussion regarding the definitions and relationships between accounting, accountability and social accounting, communication was a recurring theme. Organisational communication is required whether the purpose is to provide an account to enable informed decisions by internal users, to discharge accountability, or some combination of both. However, whilst organisational communication is a necessary component of accounting, accountability and social and environmental accountability, organisational communication does not necessarily involve accounting. Furthermore, whilst the practice of accounting is an essential element if an organisation is to discharge its accountability, it remains unclear whether those organisations reporting upon their social and environmental performance are first identifying and measuring social and environmental information. Therefore, the following section provides an overview of social and environmental reporting, and concludes with a discussion outlining why the terms 'social and environmental accounting' and 'social environmental reporting' must be considered independently.

2.3 Social and Environmental Reporting

The term 'social reporting' gained popularity amongst academics in the period 1979-1981, and an analysis of definitions conducted by Parker (1986) found that it was used to describe activities common to the latterly introduced social and environmental accounting. However, this commonality no longer appears to be the case in practice, and the rapid growth in organisational social and environmental reporting has seen a corresponding increase on the subject in the academic literature, bringing with it a proliferation of terms and definitions describing the practice of social and environmental reporting. This in turn has led to a great deal of confusion surrounding the terminology, particularly with respect to the intention and purpose of the social and environmental report (Gray, 2000).

Whilst the terms 'social and environmental accounting' and 'social and environmental reporting' are still often used interchangeably (e.g. Guthrie, 1996; Ballou et al., 2006), a closer examination of the definitions of some of the various terms used to describe social and environmental reporting, and their relationship to accounting, accountability and social and environmental accountability, reveals that the activities are now in fact very different. This analysis, whilst considering only a small number of the terms used in the literature, reveals four distinct areas of

reporting activities, which, together with their relationship to accounting, accountability and social and environmental accountability, are displayed in Figure 2.3.
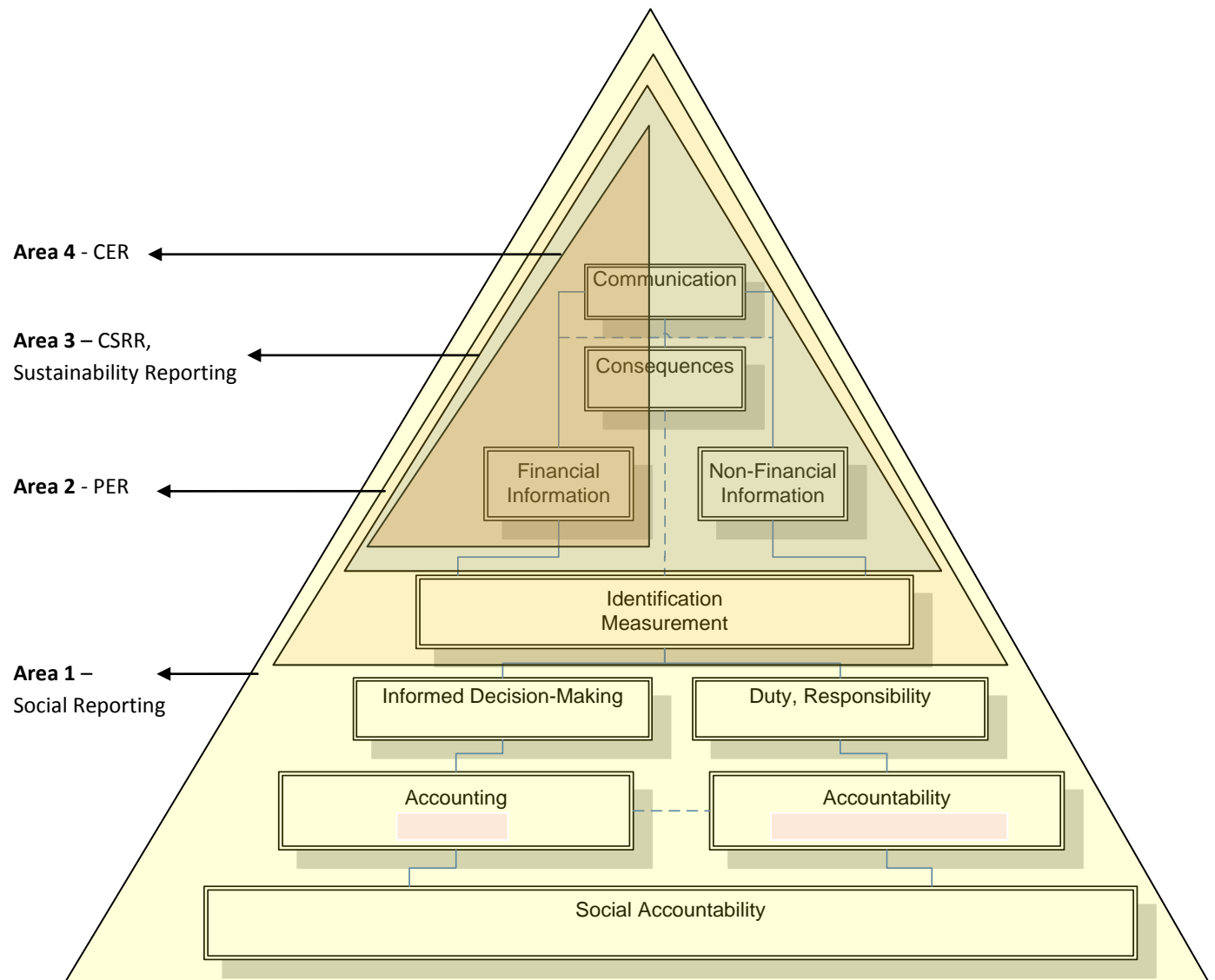
Figure 2.3 - The relationship between accounting, accountability, social and environmental accountability and the definitions of social and environmental reporting

Figure 2.3 shows the extent to which the four areas of reporting activities identified in the definitions of commonly used terms for social and environmental reporting align with the activities identified in the definitions of accounting, accountability and social and environmental accountability. The first area aligns with the broader social and environmental accountability

discussed above, and is consistent with Parker's earlier definition of social reporting, which included "1. Assessing social impact of corporate activities; 2. Measuring the effectiveness of corporate social programs; 3. Reporting upon the corporation's discharging of its social responsibilities; 4. External and internal information systems allowing comprehensive assessment of all corporate resources and impacts (social and economic)" (Parker, 1986: 72-74). This definition satisfies the requirements of social and environmental accountability, as it refers to the practice of *measuring* and *communicating*, both internally and *externally*, financial and *non-financial information* regarding the *discharging of responsibilities*. However, the more recent terms used to describe the practice of social and environmental reporting reveal a noticeable absence of any reference either implicitly or explicitly to either accounting or accountability, and appear to move incrementally away from the notion of social and environmental accountability.

The second area of reporting highlighted in Figure 2.3 indicates that the measurement of both financial and non-financial information is undertaken, in order to communicate externally information regarding social and environmental performance. However, the motives for reporting this performance remain unclear. This area of reporting activities is consistent with the term 'public environmental reporting' (PER), which is defined as "public disclosure of information about an organisation's environmental performance, including its impacts on the environment, its performance in managing those impacts and its contribution to ecologically sustainable development" (Commonwealth of Australia, 2000: 4).

The third area indicates that financial and non-financial information regarding organisational social and environmental performance is communicated externally, however makes no mention of either the measurement or management of performance, or the purpose of the communication. This area is illustrated by the definitions of 'corporate social responsibility reporting' (CSRR) and 'sustainability reporting'. CSRR is defined as "the provision of financial and non-financial information relating to an organisation's interaction with its physical and social environment, as stated in corporate annual reports or separate social reports" (Guthrie & Mathews, 1985: 253 cited in Thompson & Zakaria, 2004: 126). Similarly, sustainability reporting involves the provision of information regarding the 'triple bottom line' (TBL), this being social, environmental and economic performance (Hedberg & von Malmborg, 2003; Frost et al., 2005),

and "must consist of statements about the extent to which corporations are reducing (or increasing) the options available to future generations" (Gray, Bebbington & Walters 1993: 291).

The fourth area focuses solely on the provision of purely financial information regarding environmental activities, and is consistent with the definition of 'corporate environmental reporting' (CER), which involves "the process of communicating *externally* the environmental effects of organisations' economic actions through the corporate annual report or a separate stand-alone publicly available environmental report" (O'Dwyer, 2003: 92) (emphasis in original).

These examples emphasise that whilst Parker's (1986) earlier definition of social reporting encompasses both accounting and accountability, and therefore aligns with the definition of social and environmental accountability, the more recent definitions of terms used to describe the practice of social and environmental reporting reviewed here refer to neither accounting nor the discharge of accountability. Figure 3 shows that many of the terms fall into one of four areas of social and environmental reporting activities, which include only a few of the characteristics of accounting, accountability and social and environmental accountability.

Whilst CSRR and Sustainability Reporting both refer to the provision of non-financial information, their failure to note the *process* of *identification* and *measurement* suggests that the reporting does not require the active and ongoing engagement of accounting for this information. The use of the term 'management' in the definition of PER implies that identification and measurement must be undertaken, if one adheres to the adage that 'what gets measured gets managed'. However, there is no indication that this identification and measurement is part of a systematic *process*, and therefore no indication that it is the result of the practice of environmental *accounting*.

The lack of active, ongoing engagement in the practice of accounting is further emphasised by the focus of all the later definitions on the consequences, or effects of organisational social and environmental performance. This retrospective focus suggests that should any identification and measurement be undertaken for the purpose of social and environmental reporting, the majority may be conducted after the event, which makes it ad-hoc at best, in contrast to the systematic process of internal identification and measurement required by accounting.

Finally, whilst the definitions of accounting and accountability both clearly state the purpose of communication, none of the more recent terms describing social and environmental reporting reviewed here give any indication of the intention behind the reports. As was emphasised in Section 2.2, the discharge of accountability requires the acknowledgment of a duty to provide an account of actions for which one is held responsible. Therefore, social and environmental reporting may serve a number of purposes, and is not necessarily the result of a desire to discharge social and environmental accountability. Furthermore, it must be noted that the purpose of a report discussing the *consequences* of organisational actions, without the acceptance of *responsibility* for those actions, is questionable.

Therefore, it is argued that despite the apparent trend in the accounting literature, the terms 'social and environmental reporting' and 'social and environmental accounting' are not synonymous. Whilst communication is an essential aspect of accounting, accountability and social and environmental accountability, organisations may also engage in stakeholder communication, in the form of social and environmental reporting, without first engaging in the practice of accounting, and without any desire to discharge accountability.

The discussion in the preceding section revealed that whilst organisations may engage in accounting without discharging accountability or social and environmental accountability, they cannot discharge accountability without first undertaking accounting. Furthermore, whilst the discharge of social and environmental accountability requires the external reporting of information, the definitions of social and environmental reporting generally refer to neither accounting nor accountability.

As a result of these distinctions amongst the terms, three possible alternatives regarding social and environmental accounting and social and environmental reporting are proposed: (1) social and environmental accounting; (2) social and environmental reporting; and (3) social and environmental accountability. These alternatives are not mutually exclusive, and both (1) and (2) are necessary components of the third alternative. Each of these alternatives is discussed in further detail below, together with a clarification of the terms that will be used throughout this study.

Alternative (1) – Social and Environment Accounting (S&EA)

The first alternative occurs when organisations engage in the identification, measurement, and internal communication of information regarding their social and environmental performance, without the external publication of that information. This scenario results in organisations engaging in S&EA without external social and environmental reporting, which does not discharge accountability, as it fails to recognise a responsibility to broader stakeholders.

Therefore, the term S&EA will henceforth be used in this study to describe the practice of actively engaging in the systematic process of identifying, measuring and communicating internally both financial and non-financial information regarding an organisation's social and environmental activities and performance, to allow informed decisions by the internal users of that information.

Alternative (2) – Social and Environmental Reporting (S&ER)

The second alternative occurs when organisations engage in the external reporting of information regarding their social and environmental performance without first undertaking the process of identification and measurement of social and environmental information. The retrospective focus on the effects of organisational performance inherent in the majority of definitions describing S&ER suggests that should identification and measurement be undertaken, for the most part it is ad-hoc at best. This is in direct contrast to the systematic process required by S&EA.

Therefore, organisations may engage in S&ER without first undertaking S&EA, which does not result in the discharge of accountability, as S&EA is essential should an organisation wish to discharge its broader accountability to stakeholders (Gray, 2000; Deegan, 2009). The term S&ER will henceforth be used to describe the practice of communicating externally information regarding an organisation's social and environmental performance. This information may be financial or non-financial, however, if systematic measurement is not undertaken, the information disclosed is more likely to be qualitative in nature.

Alternative (3) – Social and Environmental Accountability (S&EAA)

The third alternative occurs when organisations engage in the process of identification, measurement and external reporting of both financial and non-financial information regarding

their social and environmental activities and performance. This scenario does result in the discharge of accountability, as it requires the organisation to not only undertake S&EA, but also requires the recognition of a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation.

In order for S&EAA to be discharged, three conditions must be met. The first is a recognition within the organisation of a responsibility to provide an account of social and environmental interactions and activities, and, where possible, the consequences of those interactions and activities. The second is the active engagement in the process of accounting for those interactions and activities, and the third is the provision of that account externally to those who have a right to know. Therefore, an organisation may engage in S&EA or S&ER, neither of which when conducted in isolation discharge S&EAA. In order for S&EAA to be discharged the organisation should first engage in S&EA, and then make any relevant information gathered in the process of S&EA publicly available. All aspects of S&EAA, including both S&EA and S&ER, should be undertaken, and should be done so due to the recognition of a broader responsibility than to simply those with an economic interest in the organisation.

Whilst a large number of organisations are now voluntarily engaging in external S&ER, it remains unclear whether those organisations are first engaging in S&EA. Therefore it remains unclear whether those reporting organisations are in fact discharging S&EAA. Gray (2000) states that whilst the discharge of accountability must be the predominant reason for the publication of social accounts, S&ER may serve a number of purposes. One of these purposes may be to meet certain regulatory requirements, which are discussed in Section 2.4. Whilst the mandatory S&ER requirements in Australia are fairly limited, there exist a number of voluntary S&ER frameworks, which are considered in Section 2.5.

2.4 Regulation of S&ER in Australia

Despite the number of organisations engaging in S&ER practices, there is very little regulation regarding S&ER in Australia. Mandatory disclosure is limited to requirements under section 299(1)(f) of the Corporations Act, subsections 62(2) and 70(2) of the Public Service Act 1999, The National Pollutant Inventory, and section 1013(1)(I) of the Financial Services Reform Act 2001. The most extensive of these is section 299(1)(f), which requires organisations that "are

subject to any particular and significant environmental regulation under a law of the Commonwealth or of a State or Territory" to disclose "details of the entity's performance in relation to environmental regulation" (Lipton, Herzberg & Von Nessen, 2006: 256).

The introduction of section 299(1)(f) resulted from a compromise between political parties during the federal government's Corporate Law Economic Reform Program (CLERP) and was not subject to the due process generally expected with respect to the advancement of Government regulation (Frost & English, 2002). As a result, section 299(1)(f) proved to be highly controversial, and a request was made to the Parliamentary Joint Statutory Committee on Corporation and Securities that an inquiry into the provision be conducted. Fifty-two written submissions were made to the inquiry, the majority of which opposed the provision (Frost & English, 2002).

This opposition to mandatory S&ER by the Australian business community was seen again in 2005 with the Parliamentary Joint Committee on Corporations and Financial Services (PJCCFS) *Inquiry into Corporate Responsibility,* which asked for submissions considering whether the Corporations Act should be amended to require particular types of companies to report upon the social and environmental impacts of their activities, rather than simply their performance with respect to environmental regulation (Adams & Frost, 2007; Deegan 2009). However, it is worth noting that the majority of those submissions opposing the further regulation of S&ER were from business and professional bodies, whilst NGOs such as Greenpeace, the Australian Conservation Foundation and the St James Ethics Centre appeared to view mandatory reporting more positively (Adams and Frost, 2007). Upon completion of the inquiry, the government concluded that it was not necessary to amend the Corporations Act with respect to S&ER requirements (Deegan, 2009).

In addition to the requirements of section 299(1)(f), Australian organisations that emit certain substances are required to lodge a National Pollution Inventory (NPI) report (Adams & Frost, 2007). The NPI is a web-based database implemented by the Commonwealth, State and Territory Governments. The purpose of the NPI is to provide an incentive for cleaner production and improve the accountability of companies by enabling comparability of their performance (Wood & Ross, 2006). However, the recipients of the NPI reports are generally restricted to the relevant government agencies (Frost et al., 2005). Mandatory reporting regarding social inclusion,

environmental performance and ecologically sustainable development is also required under subsections 62(2) and 70(2) of the Public Service Act 1999, however this requirement is restricted to specific government agencies (Australian Government Department of the Prime Minister and Cabinet, 2011).

Finally, mandatory reporting is required under section 1013D(1)(I) of the Financial Services Reform Act 2001 (Adams & Zutshi, 2004). However, as with the Public Service Act, this requirement is restricted to a very narrow field of organisations. This section requires those providing financial products with an investment component to disclose in their product disclosure statements the extent to which social, environmental and ethical considerations have been taken into account (Adams, 2004; CPA Australia, 2005).

Academics have been calling for the introduction of mandatory accounting standards regarding S&ER for decades (e.g. Parker, 1986; Deegan et al., 2000; Yusoff & Lehman, 2009). However, as noted above, S&ER in Australia remains predominantly voluntary (Deegan, Cooper & Shelly, 2006(a)). It has been over 25 years since Parker (1986) argued that the increasing number of organisations engaging in S&EA and S&ER practices was the strongest case for the introduction of relevant accounting standards. He stated that accounting standards would provide a "common elementary baseline" (Parker, 1986: 89), and would serve the dual function of enabling practical application and as a means of further theoretical development (Parker, 1986). Therefore it is somewhat concerning to note that whilst the following years have seen an even greater growth in S&ER, the regulatory requirements in relation to S&ER remain relatively unchanged.

Government legislation can be a significant source of cognitive dissonance amongst managers, and thus acts as an important driver of organisational change with respect to S&ER (Adams & Whelan, 2009). However, whilst mandatory disclosure requirements have been shown to improve the quality of disclosures (Frost, 2007), legislation is only effective to the extent to which it is enforced (Adams & Whelan, 2009), and it has been suggested that many organisations prefer a voluntary reporting system as it enables them to control the amount of information provided to potential users (Frost & English, 2002).

Furthermore, it has been suggested that politicians may be more likely to introduce legislation if it is in their political interests to do so (Adams & Whelan, 2009), and it may be argued that large

corporations wield a great deal of political power (Deegan, 2009). This appears to be demonstrated by the Australian government's decision not to introduce additional mandatory reporting requirements following the 2005 inquiry. The recommendation of the PJCCFS was based upon the assumption that markets are efficient and would penalise those organisations not driven by 'enlightened self-interest', a premise similar to many of the anti-regulation arguments submitted by large organisations and industry bodies (Deegan, 2009).

The decision of the Australian government not to introduce further legislation with respect to corporate S&ER, despite evidence suggesting that legislation does improve the quality of disclosures (Frost, 2007), is made all the more intriguing by their decision to implement mandatory S&ER for particular government agencies. Arguably, public companies and government agencies bear some similarities in that both are funded with public monies, generally require significant resources to operate, and may have a significant impact on the society in which they operate. Therefore the decision to regulate the S&ER of one type of organisation yet not the other is questionable.

Further speculation regarding the political reasons for the lack of S&ER regulation in Australia is beyond the scope of this dissertation. What must be emphasised is that whilst large publicly listed organisations have actively opposed the introduction of mandatory S&ER, an increasing number continue to voluntarily disclose information regarding their social and environmental performance. This increasing engagement in voluntary organisational S&ER practices over the last few decades has also seen the development of a number of voluntary reporting frameworks.

2.5 Voluntary Reporting Frameworks

A discussion regarding voluntary S&ER frameworks is important as their availability indicates that there are certain expectations stakeholders may have with respect to the provision of information regarding corporate social and environmental activities. These frameworks have been developed with the purpose of providing guidance to organisations regarding the measurement, reporting and assurance of their social and environmental performance. In Australia, voluntary guidelines have been developed by both governments and industry groups, and include the Mineral Council of Australia's *Code for Environmental Management* (Frost, 2007) and *Triple Bottom Line Reporting in Australia – a guide to reporting against*

environmental indicators, produced by the Department of Environment, Water, Heritage and the Arts in June 2003 (Parliament of Australia, 2008).

Internationally, the most commonly used frameworks are those issued by the International Organisation for Standardization (ISO), the Institute of Social and Ethical AccountAbility (AccountAbility), and the Global Reporting Initiative (GRI). The ISO 14000 series consists of standards regarding environmental management systems (EMSs) and encompasses "environmental auditing, audit procedures, auditor criteria, audit management, initial environmental reviews, environmental site assessments, environmental labelling, performance evaluation and lifecycle analysis" (Jayathirtha, 2001: 248). ISO 14000 provides ten management principles for organisations considering the implementation of EMS and ISO 14001 provides organisations with the opportunity to seek third party registration (Jayathirtha, 2001). However, it must be noted that the standard does not provide specific criteria regarding social and environmental performance (AS/NZS ISO 14001, 2004). Nor does it require public disclosure of environmental information (Nawrocka & Parker, 2009), and as a result does not provide any guidance with respect to reporting practices.

The AccountAbility AA1000 assurance standard was first published in 1999 and focuses on the processes involved in the reporting of environmental impacts (Adams, 2004), and the governance structures that should be established (Adams & Evans, 2004). The intention of AccountAbility is to aid organisations and their respective stakeholders in the delivery of enhanced social, environmental and economic responsibility throughout the course of conducting business (Adams & Evans, 2004). As such, stakeholder engagement is considered to be an integral aspect of the AA1000 process (Adams, 2004), and it is vital that various stakeholders are informed of the impacts that the organisation has on all other stakeholders (Adams & Evans, 2004). However, AA1000 does not consider the format that sustainability reports should take, nor the specific topics upon which the organisation should report, and is less stringent with respect to reporting guidelines than other reporting frameworks, such as the GRI (Adams & Evans, 2004; Golob & Bartlett, 2007).

The GRI framework, which is compatible with ISO 14001 (Hedberg & von Malmborg, 2003), has emerged as the dominant framework and is the closest to being considered generally accepted (Burritt, 2002; Frost et al., 2005; Ballou et al., 2006). At the time of writing 6,262

organisations were registered on the GRI database (GRI, 2014), representing over 60 countries from every region in the world (Ballou et al., 2006; KPMG, 2013). KPMG's (2011) *International Survey of Corporate Responsibility Reporting* indicated that approximately 80 per cent of the largest organisations in the world cited the GRI as their reporting framework, with this number increasing slightly to 82 per cent in 2013 (KPMG, 2013). However, comparability of reports is lacking even between those prepared by organisations registered with the GRI, as the guidelines may be used in a number of different ways with various levels of stringency (Hedberg and von Malmborg, 2003; Ballou et al., 2006).

The GRI provides a system by which organisations may disclose the extent to which they comply with the guidelines (KPMG, 2008), and in July 2006, only just over 20 per cent of sustainability reports issued using GRI guidelines were at the 'in accordance' level (Ballou et al., 2006). More recent data suggests that this figure is improving, with KPMG (2008)[2] finding that slightly less than 50 per cent of organisations complied with the GRI at the highest level. However, the variability shown in the levels of compliance remains a concern. Another concerning aspect regarding the use of the GRI is that whilst an organisation may be listed on the GRI website, that list is not actually verified by the GRI (Hedberg & von Malmborg, 2003).

Despite the establishment of these comprehensive standards and frameworks and the growing number of organisations using them to produce environmental information for internal purposes (O'Dwyer, 2003; Frost et al., 2005), there is evidence to suggest that very little substantiated, quantitative data are disclosed externally (O'Dwyer, 2003; Thompson & Zakaria, 2004; Adams & Frost, 2007), and it has been suggested that voluntary guidelines may provide a means of legitimising poor organisational performance (Adams & Zutshi, 2004). Findings such as these have concerning implications for the comparability and reliability of social and environmental disclosures, and add weight to the calls from a number of researchers for increased regulation regarding social and environmental reporting and assurance practices (Jayathirtha, 2001; Deegan, 2002; Dando & Swift, 2003).

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[2] Later versions of the *KPMG Survey* do not include data on levels of adherence to the GRI.

2.6 Summary

It has been emphasised throughout this chapter that despite the tendencies in the literature to treat them as such, the terms 'social and environmental accounting' and 'social and environmental reporting' are not synonymous. Therefore, three possible alternatives regarding social and environmental accounting and social and environmental reporting are proposed: (1) S&EA, which occurs when organisations engage in the identification, measurement, and internal communication of information regarding their social and environmental performance, without the external publication of that information; (2) S&ER, which occurs when organisations engage in the external reporting of information regarding their social and environmental performance, without first undertaking S&EA; and (3) S&EAA, which is discharged upon the recognition of a responsibility to provide an account of social and environmental interactions and activities, the active engagement in the process of accounting, and the provision of that account to those who have a right to know.

Whilst an increasing number of organisations are now engaging in external S&ER, it remains unclear whether those organisations are first engaging in S&EA. Therefore, it remains unclear whether those reporting organisations are in fact discharging S&EAA. Despite long-running calls in the academic literature for the regulation of S&ER, the practice in Australia remains predominantly voluntary. In the absence of extensive regulation regarding S&ER, a number of models of the S&ER process have been provided in the academic literature. One such model is considered in the following chapter, where it is adapted to reflect what is suggested to be best practice. When discussing each of the steps required in the normative model, current S&ER practices are also considered, together with a review of the literature considering the organisational choices made throughout the S&ER process.

Chapter 3 - The Discharge of Social and Environmental Accountability: a Normative Model and Review of Practice

3.1 Introduction

The relationship between accountability, social and environmental accounting and social and environmental reporting was considered in Chapter 2, and three alternative relationships were proposed. It was emphasised that despite an increasing number of organisations now engaging in external S&ER, it remains unclear whether those organisations are first engaging in S&EA, and therefore whether they are in fact discharging S&EAA. The legislation regarding S&ER practices in Australia is limited, and despite the availability of several voluntary reporting frameworks, there is evidence to suggest that very little substantiated, quantitative data are disclosed externally.

The purpose of this chapter is to expand on Chapter 2 by providing a normative model of the steps required to discharge S&EAA, and explore whether these steps appear to be undertaken in practice. A review of the extant literature examining organisational S&EA and S&ER practices, and the organisational choices made when engaging in S&EA and S&ER is provided, and it is considered whether those choices appear to be consistent with the requirements of the normative model. A description of this model is provided in Section 3.2.

This model, and its resultant practical implications, is expanded upon in the remainder of the chapter. The first step; undertaking S&EA, is considered in Section 3.3, whilst the second step; the production of the external report, is considered in Section 3.4. Step 3, the active engagement of stakeholders in the reporting process, is discussed in Section 3.5, and the fourth step; the provision of a third-party assured external report in Section 3.6. The final and arguably most important step, the active engagement of stakeholders in the assurance process (Step 5), is discussed in Section 3.7, before a brief summary and conclusion is provided.

3.2 A Normative Model of the Steps Required to Discharge S&EAA

As stated in Chapter 2, in order for S&EAA to be discharged, three conditions should be met. The first is a recognition within the organisation of a responsibility to provide an account of social and environmental interactions and activities, and where possible, the consequences of

those interactions and activities. The second is the active engagement in the process of accounting for those interactions and activities, and the third is the provision of that account externally to those who have a right to know. Accordingly, it is necessary for the organisation to first engage in S&EA, which requires the active engagement in the systematic, ongoing identification, measurement and internal communication of information regarding their social and environmental performance, and to then make any relevant information gathered in the S&EA process publicly available to those to whom the organisation is held responsible. A normative model of this process is provided in Figure 3.1. This model has been adapted from Park and Brorson (2005), who outline four steps that are generally taken by reporting organisations. Park and Brorson's (2005) original model is provided in Appendix A.

Unlike the original descriptive model, which was consistent with alternatives (1) (S&EA) and (2) (S&ER) described in Chapter 2, the adapted normative model provided here prescribes the steps that should be taken by organisations in order to comply with the conditions set out in alternative (3) to discharge S&EAA. As noted in Chapter 2, organisations may engage in either S&EA or S&ER, neither of which in isolation discharges S&EAA. An organisation may also engage in both S&EA & S&ER without discharging S&EAA. Such engagement will only discharge S&EAA if it is due to the recognition of a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation. This in turn requires the identification of what it is that the organisation is to be held responsible for, which requires active engagement with those to whom the organisation is responsible.

In order to discharge S&EAA, the externally reported information regarding organisational social and environmental performance should be relevant to those stakeholders to whom the organisation is responsible, and provided in response to their concerns, rather than restricted to what the organisation itself has deemed it to be responsible for (Dando & Swift, 2003). Accordingly, the adapted normative model differs from the original descriptive model by suggesting that all steps should be taken consecutively and including the additional step of active engagement with stakeholders in the reporting process, together with feedback loops indicating that the outcomes of stakeholder engagement should influence each stage of the process. It should be noted that while each step requires additional organisational resources, they should create a corresponding increase in stakeholder value (Park & Brorson, 2005).
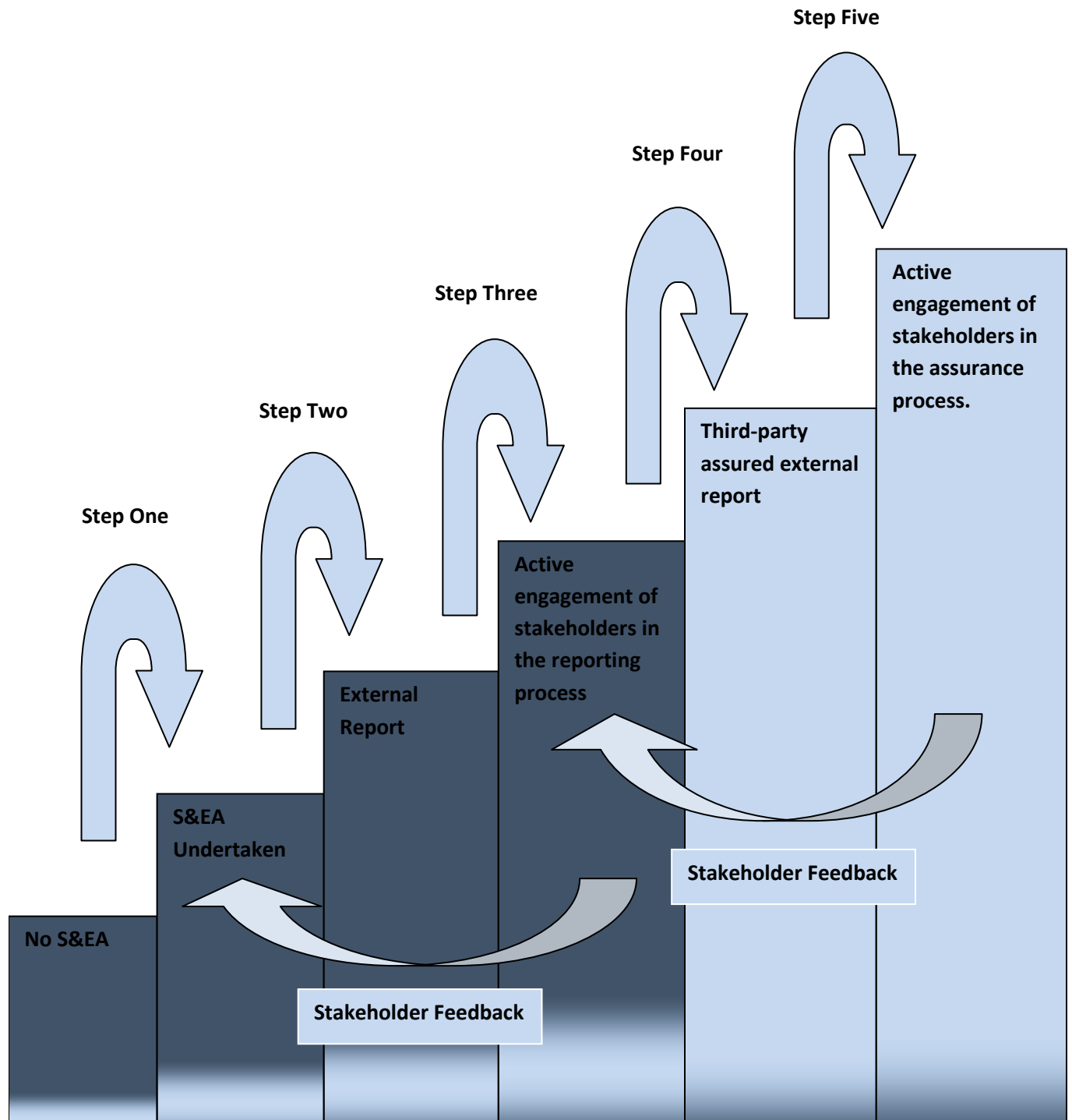
Figure 3.1. A normative model of the steps required to discharge S&EAA
(adapted from Park & Brorson, 2005)

The first step requires the organisation to engage in S&EA to enable the identification, measurement, and internal communication of social and environmental information, which is

essential to ensure that their social and environmental issues are managed effectively (Park & Brorson, 2005), and to discharge S&EAA. Step Two involves the compilation of information gathered in the S&EA process into an external public report (Park & Brorson, 2005), in order to provide relevant information to those to whom the organisation is held responsible.

In order to determine what it is that the organisation is to be held responsible for, constructive dialogue with those to whom it is responsible is essential, and many authors have emphasised the importance of stakeholder dialogue in the reporting process (e.g. Adams & Harte, 2000; Williams, van Hooydonk, Dingle & Annandale, 2000; Wheeler & Elkington, 2001; Adams, 2002; Delmas & Toffel, 2004; Perrini & Tencati, 2006; Campbell, 2007). Therefore Step Three requires active engagement with stakeholders in the reporting process. However, the recognition of a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation raises several issues. It is logistically impossible for an organisation to engage in constructive dialogue with every individual who may be affected (directly or indirectly) by their activities, and many stakeholders are unable to effectively represent their own interests due to limitations such as geographical location, socio-economic status or insufficient knowledge regarding the complexities of organisational activities (Everett & Neu, 2000; Dando & Swift, 2003). Furthermore, the power asymmetry present in organisation-stakeholder relationships restricts the ability of stakeholders to gain information (Hopwood, 2009), yet in order to exercise power stakeholders must have access to information (Gray, 1992). External assurance plays an essential role in endeavouring to ensure that the interests of those stakeholders unable to engage in dialogue are also represented (Dando & Swift, 2003). Therefore, the fourth step in the normative model requires the provision of third-party assurance for the publicly reported information.[3]

The assurance provider should provide an opinion on the completeness, accuracy and relevance of the reported information (Dando & Swift, 2003), and in order to discharge S&EAA the information should be relevant to those whom the organisation is held responsible. In order to provide an opinion on 'completeness', assurance providers must first determine what information

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[3] Circumstances exist where assurance may not be necessary for the discharge of S&EAA, for example where power asymmetry is less pronounced or where the organisation possesses cognitive legitimacy. However, the Australian socio-political and economic environment makes it unlikely that such circumstances would be present in corporate Australia, and as such they are considered to be beyond the scope of this study.

is relevant to stakeholders, before determining whether all relevant information has been disclosed. This requires the assurance providers to also engage in dialogue with stakeholders. Therefore, Step Five of the normative model requires the active engagement with stakeholders in the assurance process.

Finally, the stakeholder engagement processes may reveal that there is information that is relevant to stakeholders yet is unaccounted for by the organisation, or is accounted for yet not externally reported. Therefore, information obtained from stakeholders in the engagement processes should guide future accounting, reporting and assurance endeavours, as indicated by the feedback loops between Steps Three and One, and Steps Five and Four.

In summary, the discharge of S&EAA requires the organisation to first engage in S&EA, before providing an external report of relevant information to those it is held responsible. In order to determine for what the organisation is to be held responsible, the organisation must actively engage in dialogue with stakeholders. However, if an organisation is to recognise a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation, it must also be recognised that the organisation is not capable of engaging with, and determining the disparate needs of those many stakeholders. Therefore, the organisation must also provide external third-party assurance for the information reported to help ensure that those stakeholders unable to represent their own needs are also represented, and that all relevant information is reported.

In order to determine what is relevant, and thus provide an opinion on the completeness of the report, assurance providers must also engage with stakeholders. Finally, in order to be responsive to the needs of stakeholders and ensure that relevant information is accounted for and reported in the future, information gathered in the engagement processes must influence both S&EA and S&ER. Each of these steps will now be considered in detail, together with a review of the prior literature examining whether these steps are undertaken in practice, and the organisational choices made when they are undertaken.

3.3 Step One – Undertaking S&EA

As stated above, Step One of the normative model requires the organisation to undertake S&EA to enable the identification, measurement and internal communication of social and environmental information. A number of models for accounting for social and environmental impacts and performance have been proposed, many of which were developed in the 1970s. These early models extended traditional financial quantification and external reporting to include the social and environmental impacts of organisational performance. Whilst these models were criticised for their lack of objectivity and functional viability, the usefulness of financially quantified social and environmental performance information for management decision-making was recognised (Milne, 1996). However, it has been suggested that it may be inappropriate, if not counter-productive, to attempt to measure social and environmental performance in monetary terms (Boyce, 2000; Tangen, 2004).

As discussed in Section 2.3 in the previous chapter, S&EA involves the identification and measurement of both financial and non-financial information, and several alternatives to the financial quantification of information have been provided, such as the 'balanced scorecard', 'ecological footprint' and 'ecological rucksack' (Burritt, 2004). However, the quantification of social and environmental impacts will tend to be ad hoc, retrospective, and focused on detrimental activities unless an internal social and environmental accounting system is implemented (Milne, 1996). This requires the ongoing, systematic identification and measurement of social and environmental information, which may be facilitated by the use of appropriate management systems. One important element of S&EA is the establishment of an environmental management system (EMS) (Gray et al. 1993; Bebbington et al. 1994).

3.3.1 The Implementation and Use of EMSs

AS/NZS ISO 14001, a standard identical to ISO 14001 prepared by the Joint Standards Australia/Standards New Zealand Committee QR-011, defines an EMS as being

> "part of an organization's management system used to develop and implement its environmental policy and manage its environmental aspects [and] includes organizational structure, planning activities, responsibilities,

practices, procedures, processes and resources" (AS/NZS ISO 14001, 2004: 2).

This definition does not refer specifically to accounting, and it must be noted that an EMS is not an accounting, or software system. An EMS is a group of management processes that requires organisations to "identify, measure, and control their environmental impacts" (Bansal & Hunter, 2003: 290). Therefore the purpose of the EMS in the context of this discussion is to aid organisations in systematically identifying and measuring information regarding their environmental performance. It does this by defining how an organisation will address its environmental impacts (Darnell, Jolley & Handfield, 2008), and providing additional sources of information and control over an organisation's environmental and business processes and performance (Florida & Davison, 2001).

An EMS comprises an assortment of internal policies, appraisals, plans and implementation procedures affecting the organisation and the way it interacts with the natural environment. Whilst the specific characteristics of EMSs vary across organisations, every EMS involves the establishment of an environmental policy, undertaking internal assessments of the environmental impacts of the organisation, including quantification of those impacts and how they vary over time, the creation of quantifiable goals to decrease environmental impacts, the provision of resources and workplace training, monitoring the progress of implementation via methodical auditing to ensure goals are being met, rectifying deviations from the achievement of goals and undertaking management reviews (Darnall et al., 2008).

The use of an EMS is increasingly acknowledged as the most comprehensive and systematic method of improving environmental performance. However, the area remains under-researched (Florida & Davison, 2001; Pérez, Ruiz & Fenech, 2007). Whilst previous studies have examined the use of EMSs with respect to improved environmental performance (e.g. Pérez et al., 2007; Nawrocka & Parker, 2009), few have examined their use with respect to improved environmental accounting or reporting. However, it has been suggested that the use of an EMS with ISO 14001 certification would partially enable the discharge of S&EAA, as it requires the implementation of environmental monitoring, measurement and recording systems (Mitchell & Hill, 2009).

The implementation and operation of an EMS requires a significant investment in organisational resources (Nawrocka & Parker, 2009), and as such the majority of EMSs tend to be found in large, well-resourced organisations (Florida & Davison, 2001). In addition to facilitating the on-going, systematic identification and measurement of environmental information (Gray et al. 1993; Bebbington et al. 1994), EMSs have been shown to provide financial benefits through effective risk management and improved operational efficiencies, and non-financial benefits through effective stakeholder and reputation management (Williams et al., 2000; Florida & Davison, 2001; Darnall et al., 2008). The use of EMSs has been associated with increased environmental awareness and discussion amongst employees, increased staff morale (Williams et al., 2000), improved stakeholder relationships (Florida & Davison, 2001) and an increased likelihood that the organisation will engage in 'green supply chain management' (Darnall et al., 2008).

These benefits have contributed to the growth in the adoption and use of EMSs. Since their development in the 1990s (Nawrocka & Parker, 2009), the number of organisations obtaining ISO14001 certification for their EMSs internationally has increased from 13,994 in 2009 to over one quarter of a million in 2010, and has more than doubled in the same period in Australia and New Zealand (ISO, 2011). However, interpretations of environmental performance as referred to in ISO 14001 may vary according the perceived role of the EMS within the organisation, and whilst ISO 14001 requires the establishment of environmental targets, these targets are also organisation-specific (Nawrocka & Parker, 2009), and thus offer little in the way of comparability between organisations. Furthermore, whilst the use of an EMS may assist with or improve compliance with legislation (Williams et al., 2000), anecdotal evidence suggests that EMSs may also be used by organisations to delay or avoid regulation (Pérez et al., 2007).

Evidence suggests that the level of commitment to the ongoing identification and measurement of relevant information, and recognition of the role the EMS may play in this, has an impact on the benefits an organisation can expect to reap from the implementation of an EMS. For example, Florida and Davison (2001), who classified users of EMSs as being either 'high adopters' or 'low adopters' according to whether or not they had also implemented a pollution prevention program, found that 'high adopters' actively engaged in stakeholder communication and involvement in environmental activities (Florida & Davison, 2001).

The literature examining the use of EMSs has focussed solely on their use with respect to environmental performance (e.g. Bansal & Hunter, 2003; Darnall et al., 2008; Nawrocka & Parker, 2009), and S&EA has been criticised for focusing on the environment at the expense of organisational social performance (Everett & Neu, 2000). Furthermore, much of the extant literature examining social performance management has considered only one specific aspect of social performance, such as occupational health and safety (e.g. Rikhardsson, 2004), stakeholder engagement (e.g. Perrini & Tencati, 2006), or human rights issues (e.g. Dey, 2007; Chetty, 2011). However, all aspects of life are interconnected (Gray, 1992), and the social impacts of organisational activities are equally important as environmental impacts (Everett & Neu, 2000). Therefore, the identification, measurement and reporting of all relevant aspects of both social and environmental performance must be undertaken in order to discharge S&EAA. An overview of the implementation and use of the systems used by organisations to monitor and manage their social impact and performance is provided in the following section, before the need for integrated management systems is emphasised.

3.3.2 The Implementation and Use of Social Management Systems

Despite the early focus in the accounting literature on social accounting, there appears to be comparatively little recent research in the area, and that of social performance management and impact assessment. It has been suggested that social information is more difficult to measure than environmental information (Norman & MacDonald, 2003; Chan & Delmas, 2010). However, the management and management accounting literature provide some insights into measuring corporate social performance (e.g. Milne, 1996; Rikhardsson, 2004; Tangen, 2004; Perrini & Tencati, 2006; Chen & Delmas, 2010), and the GRI provides some guidance regarding the social indicators that may be used (GRI, 2011).

The social indicators prescribed by the GRI address human rights, local community impacts, gender, bribery and corruption, and product responsibility (GRI, 2011). Additional social impact and performance information that may need to be monitored and measured in order to discharge accountability includes (but is not limited to) stakeholder engagement (Perrini & Tencati, 2006), occupational accidents (Rikhardsson, 2004), fair trade (Dey, 2007), and discrimination (Chetty, 2011). In Australia, discrimination in the workplace is prohibited by state and federal legislation

(Australian Human Rights Commission, 2007). However, discrimination in the workplace continues to occur as a result of recruitment, training and promotion procedures and decisions relating to strategy and policy (Adams & Harte, 2000). Social accounting can play an important role in revealing this discrimination by setting targets regarding equal opportunities employment and development, and the ongoing monitoring of those policies and targets through the development of an information system (Adams & Harte, 2000). This is similar to the due diligence process proposed by Chetty (2011), which includes "the adoption of a human rights policy, conducting of human rights impact assessments; integration of human rights into management systems and the monitoring and tracking of performance" (Chetty, 2011: 760).

S&EA requires the systematic, ongoing identification and measurement of social and environmental performance information, and many of the abovementioned aspects of organisational social impact may be easily identified and measured through the organisation's existing management systems. Equal opportunities may be measured using the human resources management system, while many large organisations' health and safety departments utilise a measurement system to monitor indicators such as frequency of accidents and absenteeism (Rikhardsson, 2004).

Whilst existing organisational management systems may facilitate S&EA through the identification and measurement of internal social impacts and performance, the discharge of S&EAA requires the identification and measurement of both internal and external social impacts and performance. However, it has been suggested that the assessment of external social impacts appears to be undertaken by only a small number of organisations (Burritt, 2004).

Furthermore, the implementation of social accounting systems can have unexpected and undesirable consequences, as was evidenced by Dey's (2007) ethnographic study of Traidcraft plc's implementation of a formal 'social bookkeeping' system. Due to the narrow focus of the social accounting system on financially quantifiable performance indicators, the social accounting system not only failed to increase accountability, it was in fact instrumental in facilitating the transformation of the organisation from one that had a policy of charitable behaviour to one that pursued commercialism. This propelled the organisation towards the "extremes of the commercial/moral axis" (Dey, 2007: 443) and left it teetering on the edge of bankruptcy, emphasising the importance of appropriate measurement systems, and the need for a

clear link between performance measures at different levels of the organisation (Dey, 2007). Tangen (2004: 736) suggests that the choice of an appropriate measurement system requires a consideration of "the purpose of the measurement; the level of detail required; the time available for the measurement; the existence of available predetermined data; and the cost of measurement". Furthermore, rather than being derived from strategy, performance measures should be derived from the needs of stakeholders (Tangen, 2004), emphasising the need for stakeholder engagement.

It has been argued that the extant accounting literature has failed to consider the effectiveness of various management systems under different circumstances (Adams & Larrinaga-González, 2007), and whilst the accounting literature tends to focus on EMSs, the management literature leans towards social performance management. However, both social and environmental performance management systems require the development of policies and implementation of targets, and the ongoing monitoring and assessment of achievement against those policies and targets. Whilst these management systems do not necessarily produce S&EA information (ICAA, 2003), the successful implementation of these management processes is an important aspect of facilitating S&EA.

This suggests the need for integrated social and environmental managements systems (S&EMSs) for the systematic identification, measurement, monitoring and internal reporting of social and environmental information. Furthermore, these systems should be fully integrated within other organisational performance management systems. This may be facilitated by the use of information and communication technologies to integrate different databases (Perrini & Tencati, 2006), the introduction of specialised software systems (Burritt, 2004), or by modifying existing financial accounting software systems to incorporate S&EA (ICAA, 2003; Rikhardsson, 2004). Modifications to existing systems can be a relatively inexpensive way of undertaking S&EA, and can generate significant benefits (ICAA, 2003). However, evidence suggests that this rarely occurs in practice (Wilmshurst & Frost, 2001; Pérez et al., 2007). Furthermore, whether they be systems designed specifically for the capture of social and environmental information, or adaptations of existing accounting systems, the value of a software system is in the quality of the information it produces (Burritt, 2004), and the quality of information is linked to accurate measurement and management (Gill, Dickinson & Scharl, 2008).

Accountants possess a number of skills to assist with S&EA, such as the communication of the relationships between information and decision-making, verification, description and explanation of values, collection, presentation and dissemination of meaningful and useful information, and the design and implementation of information systems (Boyce, 2000; O'Dwyer, 2001). It has also been suggested that accountants can aid the successful implementation of an S&EMS by providing traditional accounting functions such as the measurement, recording, monitoring and verification of financial information, and that a substantial amount of the information usable in the environmental aspect of the S&EMS is already collected but often hidden in overheads (Wilmshurst and Frost, 2001).

Whilst accountants need not, and indeed should not restrict their activities to those surrounding solely financially quantified information (Boyce, 2000; O'Dwyer, 2001), accountants may find it difficult to make judgments regarding the more qualitative aspects of S&EA (O'Dwyer, 2001). Other specialists, such as environmental scientists and engineers, may be more suited to providing environmental impact information (Milne, 1996), thus emphasising the need for the implementation and use of S&EA systems and S&EMSs to involve multidisciplinary teams (Milne, 1996; Boyce, 2000; ICAA, 2003).

In practice, accountants' involvement on these teams appears to be limited (Bebbington et al., 1994; Wilmshurst & Frost, 2001; Pérez et al., 2007), and S&EA may occur without accountants' involvement (Adams & Harte, 2000), which some, who believe that "accounting is too important to be left to the accountants" (Rikhardsson, 2004: 70) may find reassuring (Adams, 2002). There are concerns that accounting may 'capture' the environment by legitimating destructive corporate behaviour, thus facilitating the maintenance of the status quo (Gray, Walters, Bebbington & Thompson, 1995). Whilst 'deep green' critical accounting theorists and ecologists often call for radical change with respect to the existing capitalist focus of accounting (Gray, 1992), much of the early S&EA literature is at the 'very light green' end of the scale, suggesting modifications, rather than fundamental changes, to the ways in which existing capitalist economies function (Mathews, 1997; Everett & Neu, 2000). Others have suggested that due to the competitive nature of the accounting business, accountants have become focused on commercialism rather than the public interest, and thus have an organisational focus on service

provision rather than promoting the interests of stakeholders. Failure to consider the public interest results in a failure to assist in the discharge of S&EAA (O'Dwyer, 2001).

In summary, Step 1 of the normative S&EAA model requires the organisation to undertake S&EA, which requires the implementation and use of an integrated S&EMS. In this section, an overview of the requirements for S&EMSs has been provided, and the need for a multidisciplinary approach emphasised. S&EA may be undertaken by simply modifying existing accounting systems (Rikhardsson, 2004), which has been shown to be successful in a small number of Australian organisations (ICAA, 2003). However, careful consideration must be given to choice of appropriate measurement systems (ICAA, 2003; Tangen, 2004; Dey, 2007) to avoid undesirable consequences (Dey, 2007). Despite the rapid increase in the use of EMSs, and the use of social performance management systems to monitor some aspects of social performance, many aspects of social performance are not accounted for, and the management systems used are rarely integrated with other performance management and accounting systems. Whilst the use of an integrated S&EMS is an important aspect of facilitating S&EA, the apparent absence of accountants' involvement in their implementation and use suggests that they may not be used for this purpose in practice.

If S&EAA is to be discharged, the organisation must engage in S&EA, and Step 1 should be completed before embarking on Step 2. However, as noted in Chapter 2, an organisation may engage in S&ER without first undertaking S&EA, which does not discharge S&EAA. If systematic measurement is not undertaken, the information disclosed is more likely to be qualitative in nature. Whilst it remains unclear whether organisations are engaging in S&EA prior to S&ER, a great deal of prior research has examined organisational S&ER practices. Therefore, an overview of Step 2 of the normative model; the provision of the external report, is provided in the following section, and includes a review of the literature examining the reporting methods used by organisations and the content of the reports, and considers whether these practices appear to indicative of a desire to discharge S&EAA.

3.4 Step 2 – Provision of the External Report

The second step of the normative model requires the provision of an external report. There are several methods used by organisations to communicate with stakeholders regarding their social

and environmental performance, such as disclosures in the annual report, triple bottom line reports, stand-alone sustainability reports, and web-based reporting. The majority of studies have focused on social and environmental disclosures made in annual reports (e.g. Deegan et al., 2000; Gibson & O'Donovan, 2007; Raar, 2007). However, there is no evidence that the annual report is the most appropriate medium for the disclosure of social and environmental information (Tilt, 2008), and there is evidence to suggest that stand-alone sustainability reports may be better sources of information regarding social and environmental performance than annual reports (Frost et al., 2005; Cuganesan & Khan, 2008). However, stand-alone hard copy reports are expensive to produce, and stakeholder surveys conducted by organisations indicate that their readership is limited, leading to suggestions from some organisational representatives that their use is not cost effective (Adams, 2002).

It must also be noted that organisations are increasingly using more than one method of communication to report upon their social and environmental performance, and whilst stand-alone reports were considered to be best practice, over the last few years there has been an increasing trend towards integrated reporting (KPMG, 2011). In a recent *International Survey of Corporate Responsibility Reporting*, KPMG (2011) found that only 20% of the top 250 global companies produce only a stand-alone report, whilst the number of organisations producing some form of integrated report had increased from 4% in 2008 to over 25% in 2011 (KPMG, 2011). In their most recent report 51% of organisations surveyed were found to be including social and environmental information in their annual reports (KPMG, 2013).

The integration of social and environmental information in the annual report is not a new phenomenon (Gibson & O'Donovan, 2007). However it may have gained momentum in recent years due to the establishment of the International Integrated Reporting Committee (IIRC) in 2010, which aims to "develop a framework that brings together financial, environmental, social and governance information in a clear, concise, consistent and comparable format" (KPMG, 2011: 24). However, the level of actual 'integration' appears to be limited, and the majority of companies that claim to produce integrated reports simply provide a separate section discussing social and environmental performance in their annual report (KPMG, 2011), leading to the suggestion that reports of this type, in their present form, may be more accurately termed 'combined reporting' (KPMG, 2011).

Interview evidence suggests that provision of an integrated (or combined) report is an attempt to adapt to the concept of the 'triple bottom line' (Park & Brorson, 2005). The term 'triple bottom line' was purportedly first used by AccountAbility in the mid 1990's and gained popularity following the 1997 publication of John Elkington's *Cannibals With Forks: The Triple Bottom Line of 21st Century Business* (Norman & MacDonald, 2003). The concept of the triple bottom line is based upon the notion that an organisation's overall success cannot be measured by financial performance alone, and that social and environmental performance must also be considered (Norman & MacDonald, 2003). However, the term 'triple bottom line' has been criticised as being misleading jargon that is nothing more than a "Good old-fashioned Single Bottom Line plus Vague Commitments to Social and Environmental Concerns" (Norman & MacDonald, 2003: 256). Norman and MacDonald (2003) suggest that, due to subjectivity and measurement difficulties, it is impossible to calculate any real social bottom line, and as a result, triple bottom line reporting allows organisations to appear as though they are embracing S&EAA without actually making any commitment whatsoever (Norman & MacDonald, 2003). It is worth noting that it has been suggested that the term 'bottom line' has become embedded in every-day speech as a metaphor for absolute truth (Graves, Flesher & Jordan, 1996), which, whilst dated, is still applicable today, and somewhat concerning in light of the criticisms of the term '*triple* bottom line' and the resultant connotations of its use.

The internet was espoused as the medium to change the way organisations communicate with stakeholders (Lapham, 1996; Heath, 1998; Kent & Taylor, 1998; Wheeler & Elkington, 2001), and interviews conducted by Adams (2002) in 1998 revealed that the interviewees considered web-based reporting to be the S&ER medium of the future. A growing number of organisations have since turned to the internet, including websites and social media, for reporting on their social and environmental performance (Snider et al., 2003; Branco & Rodrigues, 2009), and corporate websites have become an important means of communicating an organisation's social and environmental performance (Gill & Dickinson, 2008; Paul, 2008).

The internet facilitates the dissemination of a larger amount of information more quickly and less expensively than traditional hard-copy mass media, and also allows for more interesting presentation of information (Adams, 2002) through the use of various tools to improve communication effectiveness, such as search capabilities, electronic document retrieval, and

multimedia applications (Snider et al., 2003). However, the 'digital divide' may result in some important stakeholders being excluded (UNCTAD, 2004), while other stakeholder groups may be permitted to view messages not intended for them (Snider et al., 2003; Paul, 2008). Furthermore, there appears to be some confusion amongst organisations regarding how and what to report on the internet, and despite the trend towards web-based reporting, the majority of academic research continues to focus on disclosures in hard copy reports (Gill & Dickinson, 2008).

The internet offers many unique possibilities for the dissemination of information. However evidence suggests that these capabilities are under-utilised in practice (Fukuwa & Moon, 2004). Whilst leading edge reporters use websites effectively to provide detailed quantitative social and environmental information (Owen, 2003), the majority of corporate websites simply provide an upload of a converted .pdf or .html document, or supplementary information (Stiller & Daub, 2007), and have been found to use features such as hyperlinks selectively (Cooper, 2003).

The internet enables organisations to update their social and environmental reports more frequently, or to even engage in 'real-time' reporting (Wheeler & Elkington, 2001; Nwagbara & Reid, 2013), and continuous reporting encourages continuous improvement (Maharaj & Herremans, 2008). The frequency of reporting is important because it represents an organisation's ongoing commitment (or lack thereof), and it has been suggested that an organisation should only produce a social and environmental report with the intention to continue reporting consistently, as a failure to do so may result in negative publicity (Kolk, 1999), However, both inter and intra-organisational inconsistencies have been found in both the frequency and continuity of reporting (Deegan, Rankin & Tobin, 2002; Frost et al., 2005; Kolk, 2010).

In summary, the most commonly used methods for publicly reporting on organisational social and environmental performance include stand-alone social and environmental reports, combined annual reports, or web-based reporting, and many organisations are now using a combination of methods of S&ER. If an organisation wishes to discharge S&EAA, it must recognise a responsibility to a broader group of stakeholders than simply those with an economic interest in

the organisation. Therefore, the organisation must consider the most appropriate way to make that information available.

Whilst the provision of information in the annual report may indicate that social and environmental concerns are integrated within the organisation, evidence suggests that these reports are rarely truly integrated in practice. Furthermore, the provision of a combined annual report, addressed to shareholders, fails to acknowledge those stakeholders who do not have an economic interest in the organisation. A stand-alone report has the potential reach a wider audience, however in practice their readership appears to be limited. The internet offers the most cost-effective method of disseminating information to larger numbers of groups and stakeholders, and provides the advantage of allowing interested parties to obtain information quickly and easily. However, the 'digital divide' may result in the exclusion of some stakeholders, which is particularly concerning as often those most adversely affected by organisational activities are often those in low socio-economic areas or less developed countries (Everett & Neu, 2000). This suggests that the provision of both web-based and hard copy reports is necessary to discharge S&EAA, and careful consideration needs to be given to how best provide information to those who have a right to know.

Each of the reporting methods discussed above offers unique possibilities and obstacles, and may also influence the content of the report (Lodhia, 2004). The type of information reported might also be influenced by whether or not organisational S&ER is motivated by a desire to discharge S&EAA (Adams, 2002), as those undertaking S&EA may be more likely to disclose quantitative information. Therefore the following section provides an overview of the literature examining the content of social and environmental reports.

3.4.1 The Content of Social and Environmental Reports

Regardless of the method used for S&ER, reports should include an organisational profile, evidence of Board level commitment, definitive social and environmental policy statements, targets and achievements, performance and compliance data, information regarding S&EMSs and procedures, an independent verification statement, and site level data (O'Dwyer, 2003; Lodhia, 2004). Furthermore, as noted in Chapter 2, a number of voluntary frameworks have been

developed with the purpose of providing guidance to organisations regarding the measurement, reporting and assurance of their social and environmental performance.

However, despite the presence of these existing reporting frameworks, the literature reveals a great deal of variability in S&ER practices, particularly with respect to the measurement, type and quantity of information provided (e.g. Guthrie & Parker, 1989; Patten, 2002; Frost, 2007; Raar, 2007). This diversity and resultant lack of comparability has been found not only between regions and industries (e.g. Fekrat, Inclan & Petroni, 1996; Davis-Walling & Batterman, 1997; Campbell, Craven & Shrives, 2003; Gibson & O'Donovan, 2007; Uwuigbe & Uadiale, 2011), but also within industries (Cuganesan & Khan, 2008; Guthrie, Cuganesan & Ward, 2008).

Those organisations operating in environmentally sensitive industries have been found to disclose greater amounts of social and environmental information (Deegan & Gordon, 1996; Campbell, 2003; Cho & Patten, 2007; Liu & Anbumozhi, 2009). However, information has tended to be declarative and qualitative in nature (Raar, 2002; Tilt, 2008). Furthermore, narrative disclosures have been shown to be predominantly positive (Imam, 2000; Thompson & Zakaria, 2004; Criado-Jiménez, Fernández-Chulián, Husillos-Carqués & Larrinaga-González, 2008), even amongst those organisations which have received negative media attention (Brown & Deegan, 1998; Deegan et al., 2002; Cormier & Magnan, 2003), have been prosecuted for various social and environmental infringements (Deegan & Rankin, 1996), or have been associated with destructive environmental incidents (Walden & Schwartz, 1997; Deegan et al., 2000).

Whilst there appears to be a growing consensus that the reporting of poor performance, accompanied by strategies to overcome those weaknesses, actually enhances credibility (Marino, 1995; Adams, 2002; Maharaj & Herremans, 2008) there is also a view amongst organisational representatives that those image benefits are maximised after no more than a few sentences (Adams, 2002). This, accompanied by suggestions that organisations will only disclose bad news if there is a good news story to accompany it (Maharaj & Herremans, 2008), the apparent lack of disclosure surrounding formal legal cases and investigations (Adams & Harte, 2000), and the tendency to disclose predominantly positive information (Imam, 2000; Thompson & Zakaria, 2004; Criado-Jiménez et al., 2008) suggests that organisations are not engaging in S&ER for the purposes of discharging S&EAA.

Narrative social and environmental disclosures have been found to contain predominantly symbolic, rather than substantive messages (Gibson & O'Donovan, 2007; Guthrie et al., 2008; Yusoff & Lehman, 2009), with the exception of carbon footprint related-disclosures in carbon intensive sectors (Hrasky, 2012(a)). This suggests that many organisations use narratives to signify their environmental responsibility, without necessarily engaging in social and environmental initiatives. Such disclosures tend to include only broad commitments and provide a limited representation of actual social and environmental management practices (Yusoff & Lehman, 2009). Furthermore, narrative social and environmental disclosures have been criticised as being biased and self-laudatory in nature (Hedberg & von Malmborg, 2003; Frost et al., 2005).

It has been suggested that the disclosure of both qualitative and quantitative disclosures reduces the likelihood of 'greenwashing' (Stiller & Daub, 2007), and many researchers have used quantitative disclosures as a proxy for quality (e.g. Fekrat et al., 1996; Cormier & Gordon, 2001; Hughes, Anderson & Golden, 2001; O'Dwyer, 2003; Thompson & Zakaria, 2004; Hasseldine, Salama & Toms, 2005; Cuganesan & Khan, 2008). The view that quantitative information is of a higher quality than qualitative information can be traced as far back as the 1970s (Cho & Patten, 2007), and is due to the fact that quantitative disclosures are considered to be less selective than qualitative disclosures (Cuganesan & Khan, 2008), are more reliable (Hasseldine et al., 2005), more comparable (Cormier, Gordon & Magnan, 2004; Perrini, 2006), and more easily verified than subjective, qualitative statements (Ballou et al., 2006). Furthermore, quantitative information has been found to require less time for users to process than qualitative information, is recognised more quickly and more accurately, and is recalled more precisely (Viswanathan & Childers, 1996).

It must be emphasised that quantitative data need not be restricted to financial quantification, and as noted in Section 3.3 above, it may be inappropriate, if not counter-productive, to attempt to measure social and environmental performance in monetary terms (Boyce, 2000; Tangen, 2004). As discussed in Section 2.3 in the previous chapter, S&EA involves the identification and measurement of both financial and non-financial information, therefore the provision of quantitative social and environmental information is important if an organisation wishes to

discharge S&EAA because it indicates that the organisation is taking steps to measure its social and environmental impact and performance.

In summary, despite the availability of a number of frameworks providing guidance regarding the type of information that should be reported, the extant literature reveals a great deal of variability in the content of S&ER, both within and between industries. The absence of quantified social and environmental performance information in S&ER suggests that organisations are not engaging in S&EA prior to S&ER, and thus are not discharging S&EAA. The content of external social and environmental reports indicates that the majority of organisations take a very narrow view of their social and environmental responsibilities, emphasising the importance of engagement with stakeholders. Engagement in constructive dialogue with stakeholders is essential for the discharge of S&EAA, as organisational responsibilities must be determined by those to whom the organisation is responsible. Therefore Step 3 of the normative model requires active engagement with stakeholders in the reporting process, and is outlined in the following section together with an examination of whether this appears to be occurring in practice.

3.5 Step 3 – Active Engagement of Stakeholders in the S&ER Process

In order to discharge S&EAA, it should be recognised that the organisation has a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation. This requires the identification of what it is that the organisation is to be held responsible for. The absence of regulatory requirements with respect to the information needs of external stakeholders, and the apparent unwillingness of organisations to provide relevant, unbiased information in practice indicates that it is those to whom the organisation is responsible that must determine for what it is responsible. It has been suggested that managers have a tendency to focus solely on the social and environmental information that is of use to the organisation (Burritt, 2004). Therefore in order to determine to whom, and for what, they are to be held accountable, organisations must engage with stakeholders.

The importance of stakeholder dialogue and engagement in the S&ER process is emphasised in both the GRI (2011), and the extant literature (e.g. Adams & Harte, 2000; Adams, 2002; Campbell, 2007; Cooper & Owen, 2007; Manetti, 2011). Stakeholder engagement is defined as

"the process used by an organisation to engage relevant stakeholders for a purpose to achieve accepted outcomes" (AccountAbility, 2008: 45). The emphasis on 'accepted outcomes' highlights the importance of outcomes of the engagement process being fed back into organisational activities. Furthermore, dialogue requires two-way communication; terms such as 'talk' and 'feedback' do not equate to genuine dialogue (Kent & Taylor, 1998). Whilst many organisations note the importance of stakeholder engagement, few actually implement true stakeholder dialogue and engagement in practice (Cooper, 2003; Maharaj & Herremans, 2008), and those that do occur tend to be 'one-off' efforts (Tsang, Welford & Brown, 2009).

Methods for engaging in stakeholder dialogue include interviews, focus groups, questionnaire surveys, public meetings, consultations and expert or advisory panels (Cumming, 2001; Owen, 2003), and in order to facilitate stakeholder engagement, key performance indicators (KPIs) should be adopted around stakeholder categories such as 'employees'; 'members/shareholders, financial community'; 'clients/customers'; 'suppliers'; 'financial partners'; 'state, local authorities and public administration'; 'community' and 'environment' (Perrini & Tencati, 2006: 304). The internet also provides the facilities to engage in real-time dialogue with a number of stakeholders in dispersed geographic regions, simultaneously (Isenmann & Lenz, 2001; Wheeler & Elkington, 2001). Whilst evidence suggests that a limited number of organisations are using their websites to engage with stakeholders (Adams & Frost, 2006), many of these engagement exercises are restricted to simple feedback mechanisms (Paul, 2008).

Whilst there have been instances of successful stakeholder engagement (Collins & Usher, 2004), evidence suggests that most engagement exercises are for the purposes of reputation and stakeholder management (Pérez et al., 2007; Manetti, 2011). In order for this to change, organisations must see stakeholders as rights holders, and engage with them accordingly (Chetty, 2011). One organisation that has been commended for its stakeholder engagement efforts is Royal Dutch/Shell (Shell), due to the establishment of a web-based stakeholder dialogue forum. Whilst Shell's web forum has been lauded by many as best practice (Delfgaauw, 2000; Cooper, 2003; Maharaj & Herremans, 2008), internet access is not evenly distributed internationally, and the fact that the forum is only provided in English limits the ability of many important stakeholders to participate in the discussion. Furthermore, the effectiveness of the web forum

was also found to be severely limited by the failure of stakeholders to engage in open and cooperative discourse (Unerman & Bennett, 2004).

In order to maximise stakeholder involvement, Cumming (2001) provides four questions to be considered before embarking on any engagement process: will the stakeholder group feel comfortable making criticisms of the company? Is there an imbalance of power in the relationship? Does the size of the participant group lend itself to a particular engagement method? And, has the stakeholder group had any prior involvement in the process of engagement? The choice of the most appropriate engagement method will lead to a greater likelihood of success, which is important for the discharge of S&EAA. The purpose of stakeholder engagement is to determine what it is that the organisation is to be held responsible for, and the information needs of those to whom it is responsible. Therefore it is important that relevant stakeholders are engaged with in a constructive manner and that important stakeholders are not excluded.

The final, and most important step in the stakeholder engagement process is to close the 'reporting loop' (Wheeler & Elkington, 2001; Owen, 2003) and ensure that the concerns and opinions of stakeholders are incorporated back into the organisational S&EA and S&ER systems (Owen & Swift, 2001). This serves the purpose of empowering stakeholders, and helps ensure that their information needs are being met (Owen, 2003; Cooper & Owen, 2007). However, there is little evidence to suggest that this is occurring in practice, even amongst leading engagement practitioners (Owen, Swift, Humphrey & Bowerman, 2000; Unerman & Bennett, 2004; Cooper & Owen, 2007).

In summary, in order to discharge S&EAA, organisations must actively engage in constructive dialogue with stakeholders, and consideration must be given to the appropriateness of the engagement processes for the particular stakeholder group. However, the effectiveness of these engagement processes has been questioned, even amongst leading engagement practitioners, and there is little evidence to suggest that the concerns of stakeholders are then incorporated back into organisational practices. Furthermore, as noted in Section 3.2 above, it is not possible for an organisation to engage in dialogue with every relevant stakeholder, and many stakeholders affected by organisational activities are unable to represent their own interests. In order to ensure that organisational S&ER meets the information needs of all relevant stakeholders; the

organisation must engage an independent third party to provide assurance on the reported information. Therefore, Step 4 of the normative S&EAA model requires the production of a third-party assured report. An overview of this step is provided in the following section, together with a review the literature examining how this occurs in practice.

3.6 Step 4 – Production of Third-Party Assured External Report

The provision of assurance is important in ensuring that all relevant information has been provided to stakeholders (Dando & Swift, 2003). Furthermore, the provision of assurance may help reduce the power imbalances inherent in organisation-stakeholder relationships, and help ensure that the interests of all relevant stakeholders are represented (Edgley, Jones & Solomon, 2010). It is widely recognised that audit is a part of the accountability process (Dando & Swift, 2003; Cooper & Owen, 2007), and the assurance process should involve engagement, planning, interviews with managers, tests of systems and data output, reviews of processes, consultations, commentary checks, and independent reviews and documentation (Adams & Evans, 2004).

The disclosure of credible information is an essential aspect of discharging accountability (Park & Brorson, 2005), and one of the ways in which organisations endeavour to ensure that the S&ER is perceived to be reliable is through the provision of external assurance for their social and environmental reports (KPMG, 2008). Furthermore, The literature suggests that the provision of assurance is a necessary aspect of building credibility and trust amongst stakeholders (Jones & Solomon, 2010), and Kolk and Peregro (2010) found evidence to suggest that the provision of social and environmental assurance statements is more common in countries that are more stakeholder oriented.

However, social and environmental assurance practices have been criticised for failing to provide reasonable degrees of confidence to stakeholders, and their reliability, robustness and consistency have been questioned (Dando & Swift, 2003). Concerns have also been raised regarding the independence of the assurance providers due to the significant level of management control and restriction over the assurance process (O'Dwyer & Owen, 2005; Deegan, Cooper & Shelly, 2006(a); Jones & Solomon, 2010). Furthermore, the use of the term 'assurance' rather than 'audit' or 'verification' must be emphasised, as it implies a lower level of endorsement (Owen & O'Dwyer, 2004).

The provision of assurance requires evaluation against suitable criteria, and those criteria must be relevant, complete, reliable, neutral and understandable. Furthermore, all criteria should be publicly available (AccountAbility, 2008). However, within the reports it is often not clear which aspects have been assured and which have not, although some assurance providers remedy this through the use of symbols (Mock, Strohm & Swartz, 2007). The provision of assurance for web-based reporting is also problematic, due to the information being so frequently updated (Delfgaauw, 2000; Wheeler & Elkington, 2001), and evidence suggests that supporting websites are not generally assured (O'Dwyer & Owen, 2007).

In Australia, 51 per cent of reporting organisations provide assurance for their social and environmental reports, ranking them eighth in the world amongst the top global 250 companies (G250) with respect to assurance provision (KPMG, 2011). When selecting an assurance provider, managers generally choose between using one of the 'big 4' accountancy firms (accountant providers), or a consultancy firm (consultant providers), and evidence suggests that more than 70 per cent of the G250 use an accountant provider (KPMG, 2011). The choice of assurance provider has implications for the discharge of S&EAA, as differences have been found in the assurance practices of accountant and consultant providers (Owen & O'Dwyer, 2004; Deegan et al., 2006(a); Mock et al., 2007; Edgley et al., 2010).

The provision of assurance for S&EAA purposes requires more than a simple verification process. The purpose of the assurance is to ensure that all relevant information is disclosed, and it has been suggested that traditional financial assurance models are inappropriate for S&ER (Dando & Swift, 2003). Furthermore, as noted in Section 3.3.2 above, accountants may find it difficult to make judgments regarding the more qualitative aspects of social and environmental performance, which may be one of the reasons why accountants have been found to provide lower levels of assurance with respect to completeness (e.g. Mock et al., 2007; Edgley et al., 2010). Consultants appear to be more likely to disclose their independence (O'Dwyer & Owen, 2007), and are more likely to use terms such as 'true and fair' (Deegan, Cooper & Shelly, 2006(b); O'Dwyer & Owen, 2007).

Furthermore, whilst accountant providers have been found to provide higher levels of assurance with respect to reporting format and assurance procedures, consultants provide higher quality recommendations and opinions (Perego, 2009). This suggests that the use of a consultant

assurance provider may be more likely to discharge S&EAA, as they appear to focus more upon stakeholder inclusivity and continuous improvement than procedural accuracy (Edgley et al., 2010). The relevance-reliability trade-off is one that is much debated in financial accounting (Deegan, 2007; Trotman & Gibbins, 2009). However, it may be argued that the immediacy of many issues faced by members of society adversely affected by organisational activities, and the right of those stakeholders to be made aware of those issues, outweighs the requirement of procedural accuracy.

Assurance engagements in practice have been criticised for placing too much emphasis on S&EMSs at the expense of actual performance (Ball, Owen & Gray, 2000), which is evidenced by O'Dwyer and Owen's (2007) finding that while 90 per cent of assurance providers verified systems, very few verified the achievement of targets. Furthermore, there have been suggestions that management have 'captured' S&ER assurance (Owen & Swift, 2001; Manetti & Toccafondi, 2012; Ball et al., 2000), and that the provision of an assurance statement addressed to management, the scope of which has been determined by management, is not provided in response to the information needs of stakeholders, and thus does not discharge S&EAA (O'Dwyer, 2001; Dando & Swift, 2003; O'Dwyer & Owen, 2005).

In summary, in order to discharge S&EAA, an organisation must recognise a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation. In recognising that responsibility, constructive dialogue with stakeholders is necessary to determine for what it is that the organisation is to be held responsible. However, the impossibility of engaging with all relevant stakeholders necessitates the involvement of third-party assurors to ensure that the interests of all relevant stakeholders are represented. Assurance for S&ER may be provided by either an accountant or consultant provider, and the level and quality of assurance provided by the two groups has been found to differ. The choice of assurance provider has implications for the discharge of S&EAA, as accountants tend to focus on accuracy whilst consultants are more concerned with the information needs of stakeholders. Therefore, consultant assurance providers appear to be better suited for the provision of assurance for S&EAA purposes.

The role of assurance providers is to not only ensure that all relevant parties' interests are represented, but to also provide an opinion regarding the 'completeness' of the information

reported. However in practice, the contents of assured social and environmental reports have been found to be incomplete (Adams & Evans, 2004). In order to make certain that all relevant information is reported, assurance providers should engage in constructive dialogue with relevant stakeholders to ensure that their information needs are being met. Therefore, Step Five of the normative model requires active engagement with stakeholder in the assurance process. This final step in the normative S&EAA model is discussed in the following section, together with a review of the literature examining its occurrence in practice.

3.7 Step 5 – Active Engagement of Stakeholders in the Assurance Process

The final step in the normative model; the active engagement of stakeholders in the assurance process, is perhaps the most important with respect to discharging S&EAA, yet appears unlikely to occur in practice (O'Dwyer & Owen, 2007; Manetti & Toccafondi, 2012). Stakeholders, as those to whom the organisation has a responsibility, should play an important role in determining what it is that the organisation is being held responsible for, and stakeholder engagement in the assurance process is perhaps the best way to ensure that the organisation is being held to account (Cumming, 2001).

Stakeholder engagement is one of the key principles in the assurance standard AA1000, which encourages organisations to involve stakeholders in defining the terms of the assurance engagement (Cumming, 2001). It has been suggested that in order to discharge S&EAA, the assurance provider should be appointed by stakeholders, the scope of the engagement determined by stakeholders, and the assurance statement addressed to stakeholders (Gray, 2000; O'Dwyer, 2001; Dando & Swift, 2003; O'Dwyer & Owen, 2005). At the very least assurance providers should engage with stakeholders as part of the assurance process to ensure completeness of both the report and the scope of the assurance engagement (Edgley et al., 2010).

As noted above, differences have been found within the assurance practices of accountant and consultant assurance providers. In interviews with both accountant and consultant providers, Edgley et al., (2010) found that while both believed in the importance of engagement, accountant providers tended to focus on the benefits of the engagement from the perspective of the organisation, while consultants were more concerned about the benefits of the engagement to stakeholders. These findings may be due to consultants' greater tendency to use AA1000, which

has a greater demand for stakeholder inclusivity than the GRI. The external focus on stakeholder engagement required by AA1000 is more consistent with S&EAA, which requires a consideration of those to whom the organisation is responsible.

Despite the recognition amongst both practitioners and academics of the importance of stakeholder engagement in the assurance process (e.g. Adams & Evans, 2004; Edgley et al., 2010; Manetti & Toccafondi, 2012), evidence suggests that minimal stakeholder engagement is occurring in practice (Owen & O'Dwyer, 2004; O'Dwyer & Owen, 2005; O'Dwyer & Owen, 2007; Manetti & Toccafondi, 2012), suggesting that accountability to stakeholders, with respect to the provision of assurance, remains a low priority amongst organisations. Furthermore, it has been suggested that existing engagement practices, such as they are, may simply serve the purposes of stakeholder management, which may in turn result in stakeholders being 'captured' by management (Owen et al., 2000).

If a more inclusive governance system, one which discharges S&EAA, is to be achieved, it is essential that the needs and views of stakeholders obtained during their engagement in the assurance process are taken into account in organisational practices. If organisations fail to close the reporting loop by incorporating feedback into organisational S&EA & S&ER, the engagement exercise will simply become a PR exercise and S&EAA will not be discharged (Cooper & Owen, 2007). However, evidence suggests that organisations are failing to empower stakeholders by failing to incorporate stakeholder responses back into organisational S&EA & S&ER (Cooper & Owen, 2007), and that the majority of engagement exercises that do occur are restricted to internal stakeholders (Manetti & Toccafondi, 2012).

Stakeholder engagement in the assurance process is essential to ensure that the information disclosed in S&ER is complete, and that any relevant information required by stakeholders for the purposes of discharging S&EAA that is not presently reported is included in future reports. However, the engagement of constructive dialogue with stakeholders in the assurance process appears to be limited in practice. Accountant and consultant assurance providers have been found to have differing views on the importance and purpose of stakeholder engagement in the assurance process, with consultants placing greater emphasis on aspects of inclusivity, which is more consistent with the discharge of S&EAA. The final step in the normative model, the active engagement with stakeholders in the assurance process, is arguably the most important in

discharging S&EAA, as it helps ensure that the information needs of those to whom the organisation is accountable are being met. Whilst assurance providers, particularly consultant providers, are increasingly acknowledging their role as a 'voice' for stakeholders (Edgley et al., 2010), they rarely appear to undertake stakeholder engagement exercises that discharge S&EAA in practice.

3.8 Summary

In order to discharge S&EAA three conditions must be met, which were detailed in Chapter 2. The purpose of this chapter is to provide a normative model of the steps required to discharge S&EAA, and explore if and how these steps are implemented in practice. This model is not claimed to be the only source of information regarding these matters, it is a guideline offering insights into what should be occurring in practice based upon what is considered in the literature to be 'best practice'. The first step in the normative model requires the organisation to undertake S&EA, which may be facilitated by the use of integrated S&EMSs. A relatively inexpensive method of integrating S&EMSs into other performance management systems is by modifying existing accounting software systems, yet this rarely appears to be undertaken in practice. The absence of accountants' involvement in the implementation and use of S&EMSs suggests that they are not being used to facilitate S&EA. However, the relationship between S&EA and S&EMSs remains under-researched.

The second step in the normative model requires the organisation to then undertake S&ER. However, evidence suggests that the majority of information publicly disclosed is predominantly narrative, symbolic, biased and self-laudatory, emphasising that it is not appropriate for the organisations themselves to determine for what, and to whom they will be held responsible. Therefore, Step 3 of the normative model requires active engagement with stakeholders in the reporting process.

Logistical difficulties and power-imbalances may restrict and inhibit the alibility of relevant stakeholders to engage in constructive dialogue, thus necessitating the engagement of third-party assurors to help ensure that not only is the information reported reliable, it also meets the information needs of those stakeholders unable to serve their own interests. Therefore Step 4 of the normative model requires the provision assurance for the information reported. When

selecting the assurance provider an organisation may choose to use an accountant, or consultant provider, and evidence suggests that consultants utilising AA1000 tend to take a more stakeholder-inclusive approach and provide a higher level of assurance with respect to recommendations and opinions, and thus may be better suited for the discharge of S&EAA.

The fifth step of the normative model requires the active engagement of stakeholders in the assurance process in order to ensure that the report is complete. However, in practice the extent of actual engagement in the form of two-way dialogue with stakeholders in both S&ER and the provision of assurance appear to be limited. Furthermore, there is little evidence that the outcomes of stakeholder engagement activities have any influence on organisational S&EA & S&ER activities.

It is argued that in order to discharge S&EAA all steps of the model must be taken consecutively, yet they rarely appear to be undertaken in practice. This suggests that organisations are not engaging in S&ER for the purpose of discharging S&EAA. Why then might an organisation voluntarily produce an external social and environmental report, often at considerable expense? A number of theories have been developed to help explain organisational voluntary S&ER practices, most notably stakeholder theory and legitimacy theory. An overview of these theories is provided in the following chapter, together with a review of the impression management and social constructionism literature, before an integrated theoretical framework is proposed.

Chapter 4 - The Nexus of Theories: an Integrated Theoretical Framework

4.1 Introduction

The discharge of S&EAA requires the organisation to engage in both S&EA and S&ER, and it must do so due to the recognition of a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation. A normative model of the steps required to discharge S&EAA was provided in Chapter 3, together with a review of the literature examining organisational S&EA and S&ER practices. It was argued that in order to discharge S&EAA all steps of the model should be taken consecutively, yet they rarely appear to be undertaken in practice. This suggests that organisations are not engaging in S&ER for the purpose of discharging S&EAA. In the apparent absence of accountability, a 'business case' for S&ER has been explored in the extant literature, and a number of theories have been developed to help explain organisational voluntary S&ER practices.

The purpose of this chapter is to clarify the theoretical framework upon which the present research is based, and will guide the interpretation and analysis of the results. Organisations operate in complex social systems, and it has been suggested that a single theoretical lens through which to examine organisational S&EA and S&ER practices is insufficient (Bansal & Roth, 2000; Campbell et al., 2003). Therefore, an integrated theoretical framework based upon stakeholder theory and legitimacy theory is proposed. The underlying assumption is that no study of organisational behaviour can be successfully undertaken without consideration of the socially constructed nature of reality, and this nexus of theories suggests that impression management is used as a tool to manage stakeholder expectations and construct organisational legitimacy.

An overview of the social constructionist perspective is provided in Section 4.2, and stakeholder and legitimacy theories are detailed in Sections 4.3 and 4.4, respectively. The impression management literature is reviewed in Section 4.5, followed by a discussion regarding the 'business case' for S&ER in Section 4.6. An integrated theoretical framework, based on the preceding sections, is provided in Section 4.7.

4.2 The Social Constructionist View

A social constructionist view is derived from the work of Karl Marx and is based on the proposition that individual human consciousness is determined by his or her social being. It is argued that before attempting to provide theoretical insights into any sociological phenomena, one must first understand the socially constructed nature of reality (Berger & Luckmann, 1966). The philosophy of 'realism', which underlies the common sense worldview of people in their everyday lives and upon which accounting is based, takes for granted the notion that objects and events exist independently and objectively, and when knowledge of such objects and events is gained they are deemed to be perceived as they actually are (Hines, 1991(a)). In contrast, social constructionists acknowledge that whilst aspects of our natural, physical environment exist independently of human beings, our perceptions of the world are delineated by social constructs, and that it is through our interaction with the natural and social environment that the world in which we live is socially *constructed,* socially *maintained* and socially *constructing* (Berger & Luckmann, 1966; Hines, 1988).

For a simple analogy, the social world may be considered to be represented by a stone wall. The stones required to build the wall exist naturally in the environment, and will continue to do so independently of human interaction. It is only when human beings assign a purpose to the stones (e.g. I will use those stones to build a *wall*) and convey to others the meaning of the wall (e.g. that wall is *to keep other people out*), that the wall, and its meaning, are constructed. However, without regular maintenance, and a shared understanding of the purpose of the wall (that wall is to keep other people out, *I must not knock it down*), the wall will eventually crumble. Furthermore, the way the meaning of the wall is communicated constructs the way in which the wall is perceived (e.g. that wall is to keep other people out because those people are dangerous, therefore *the wall keeps us safe*). In this way, the wall, or the social world, is constructed and maintained through human interaction and shared understanding, and the communication of the purpose and meaning of the social world constructs the way in which we perceive the social world.

The way in which the reality of the social world, or 'social reality', is perceived is determined by an individual's interactions with the established social structure, and begins at birth. The social

structure is constructed and maintained through the use of rituals, symbols, language and institutions (Berger & Luckmann, 1966). Everyday life within this social structure "presents itself as reality" (Berger & Luckmann, 1966: 33), and is a reality to which people feel entitled (Hines, 1988). Members of society, even those dissatisfied with their place in the social structure, take it for granted that everyday life within that social structure constitutes reality, and conduct their lives accordingly. Therefore, the everyday social world is maintained as real by individual thoughts and actions (Berger & Luckmann, 1966; Gamson, Croteau, Hoynes & Sasson, 1992; Lee, 2006).

Individual thoughts and actions influence and are influenced by other individuals with whom we interact. Collectively those individuals constitute the reality of our social structure. Those individuals who have the greatest influence are those with whom we engage in intensive face-to-face interaction on a daily basis. An individual may still be 'real' to us without a face-to-face encounter, for example we might 'know' them through correspondence or reputation. However, they only become real in the fullest sense of the word when we meet them face-to-face. Therefore social reality is captured in a "continuum of typifications" (Berger & Luckman, 1966: 47-48) that becomes more abstract as we become further removed from the face-to-face. At one end of the continuum are those with whom we engage in regular face-to-face interaction, and at the other the anonymous individuals with whom we will never meet in person. The sum total of these typifications and the repeated interactions established by them comprise the social structure (Berger & Luckman, 1966). Almost five decades have passed since Berger and Luckmann published their seminal work on the social construction of reality, and technological advances made in that time have resulted in a situation where our social structures are increasingly globalised. Furthermore, the ability of the internet and other social media platforms to provide us with instant 'knowledge' and interactions in real time, often virtually face-to-face, and beyond traditional social networks with people who would otherwise be complete strangers, is a phenomenon that the authors would no doubt be fascinated by, and could never have foreseen.

Communication plays a vital role in these interactions, and human beings express themselves through the use of symbols or signs (Berger & Luckmann, 1966). Social semioticians, or those who study the use of signs in the social world, argue that all individuals perceive the world through signs (Harrison, 2003). Signs are a form of objectification that allows interaction to be

removed from the face-to-face and are thus characterised by the degree to which they may be detached from the face-to-face. Language, being comprised of a system of vocal signs, is the "most important sign system of human society", and writing, being a system of signs symbolising language, is a second degree sign system (Berger & Luckmann, 1966: 51).

Therefore, language and communication play a significant role in the social construction of reality. A thought or deed becomes more real when communicated linguistically, and language may also be used to distance ourselves from aspects of reality we may not wish to acknowledge, thus making them less 'real' (Berger & Luckmann, 1966; Hines, 1991(b)). Language is also used to increase the power held by certain members of society, and it has been argued that socially constructed 'truth' and 'knowledge' are the products of vested interests and power relations (Berger & Luckmann, 1966; Hines, 1988).

As discussed in Chapter 1, corporations are powerful components of the capital market, made all the more so by their ability to influence, either positively or negatively, the social structure in which they operate (Aguilera, Rupp, Williams & Ganapathi, 2007; Henry, De Young, & Gordon, 2009). Corporations are socially constructed entities, whose organisational identities are linguistically constructed, and when grouped together form socially constructed institutions that use unique signs including language (Berger & Luckmann, 1966; Coupland & Brown, 2004; Jamali, 2008). The socially constructed phenomenon of the power corporations wield is illustrated by Steinbeck in his Nobel Prize (1962) winning piece of literature, *The Grapes of Wrath:*

> And all of them were caught in something larger than themselves. [... They said t]he Company-needs-wants-insists-must have-as thought the Bank or the Company were a monster, with thought and feeling, which had ensnared them. [They] would take no responsibility for the banks or the companies because they were men and slaves, while the banks were machines and masters all at the same time. [... They] explained the workings and the thinkings of the monster that was stronger than they were. [... T]hose creatures don't breathe air, don't eat side-meat[4]. They breathe profits; they eat the interest on money. If they don't get it,

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[4] Side-meat is pork taken from the sides of a hog, chiefly consumed in the south of the US (Merriem-Webster, 2013).

they die the way you die without air, without side-meat. It is a sad thing, but it is so. *It is just so.* [...] the bank – the monster has to have profits all the time. It can't wait. It'll die. [...] When the monster stops growing, it dies. It can't stay the one size. (Steinbeck, 1996: 31-32, emphasis added).

Steinbeck's work, based upon personal observations during his direct involvement with America's Dust Bowl migrants of the 1930s, was originally published in 1939 with the hope of altering readers' perceptions of the responsibilities of individuals to one-another, and their environment (Demott, 1996 in Steinbeck, 1996). The publication was compulsory reading for secondary students across the globe for several decades and continues to be republished long after the author's death in 1968. Despite Steinbeck's intentions, the socially constructed concept of the company as a "monster" that is "larger than [our]selves", is one that endures, and illustrates the detachment individuals may feel from entities that are in actual fact constructs of their own perceptions and expectations of organisational behaviour.

This anthropomorphised perception of the company that "needs-wants-insists-must have" is one that has become institutionalised in the everyday life of first world modern society. This institutionalisation is evident in the portrayals of corporations in the press, popular culture, and colloquialisms, and is reinforced by the repetitive use of myths and symbols such as the countless 'David and Goliath' stories perpetuated in both the popular and press media. The literature itself has contributed to the myth of the corporation as an independent being through the use of anthropomorphism in both theoretical and empirical studies (Coupland & Brown, 2004), and as noted in Chapter 1 the very notion of CSR personifies the corporation, and implies that the corporation has the capacity to acknowledge some sense of moral duty, when in fact it is only the individuals within the organisation that have that capacity. No greater example of the institutionalisation of the anthropomorphised corporation exists than in the legal system, which is established in our treatment of the corporation as a legally independent being (Clarke, 2007).

As discussed in Chapter 2, there is no accountability without recognition of responsibility, and while this socially constructed view of the corporation allows legal rights, it facilitates an environment in which there is there no one willing to take "responsibility for the [...] companies" because they [a]re men [sic] and slaves, while the banks [a]re machines and masters all at the same time" (Steinbeck, 1996: 32). The power of these socially constructed corporations is

transferred by default to the Board of Directors. However, the legal responsibility of that Board is limited to a narrow shareholder focus (Clarke, 2007). Section 181(1) of the *Corporations Act 2001* states that:

> A director or other officer of a corporation must exercise their powers and discharge their duties:
>
> > (a) in good faith in the best interests of the corporation; and
> > (b) for a proper purpose.

What is 'in the best interests of the corporation' appears to be rather subjective. However, it is consistently assumed to mean 'in the interests of shareholders' (Freeman & Evan, 1990), and the overriding interests assumed to be the maximisation of wealth (Phillips, Freeman & Wicks, 2003). These assumptions have been reinforced in courts of law, with the most notable precedent being that set by the *Dodge vs Ford* case (Margolis & Walsh, 2003). However, the legal system is also a socially constructed phenomenon which has not only given corporations a personality as a legal person, but also limited liability and immortality (Freeman & Evan, 1990; Clarke, 2007). These factors combined with shareholder primacy and wealth maximisation perspectives have resulted in an overemphasis on self-interest, creating a moral hazard in which the external costs of organisational activities are transferred from shareholders to broader society, and are the largest obstacle to the achievement of ethical organisational practices (Batten, Hettihewa & Mellor, 1997; Clarke, 2007). Society has constructed "monsters" that "breathe profits [and] eat the interest on money. If they don't get it, they die [...] It is a sad thing, but it is so. *It is just so.* It has to have profits all the time. [...] It can't stay the one size." (Steinbeck, 2006: 32, emphasis added).

It is argued that the socially constructed corporation may have a personality, but it does not have a face (Campbell, McPhail & Slack, 2009), and it is not capable of independent thought, despite our socially constructed perceptions. Therefore, the responsibility of navigating the moral hazard falls to top management. Those in upper echelons of corporations have the power to construct reality (Campbell, 2000) by both constructing the 'personalities' of corporations, and by the very real consequences of their decisions. Stakeholders, in particular employees and shareholders, look to the Board and CEOs for guidance and leadership with respect to appropriate corporate

behaviour. The accountants employed by corporations also have the ability to construct reality. Products of accounting, such as annual reports, purport to provide a 'faithful representation' of some pre-existing reality (Hines, 1991(a)). However accounting itself is a process of reality construction whereby that which is recognised is maintained as 'real', and externalities such as social and environmental impacts are not recognised, or are not 'real' (Hines 1988; 1991(b)). As discussed in Chapter 1, accounting has been criticised for maintaining the status quo in this regard, an argument based upon the theory that reality, as we perceive it, is socially constructed. However, accounting also constructs reality to the extent that people act upon the outputs of accountants' work. People make decisions based upon the information provided in financial reports and those decisions have real consequences (Hines, 1988; 1991(a); Williams, 2006).

Organisational 'personalities' are constructed both by the way in which internal actors perceive the organisation - based in part by the top-down messages they receive, and by the way the organisation is perceived by external actors according to their relative detachment from the face-to-face. The way in which the organisation is perceived by external actors is in part a result of the way in which the organisation presents itself to the social world. The production of financial reports is just one in a myriad of forms of organisational self-presentation, and it has been argued that the limitations of financial reporting have resulted in reputation building through voluntary disclosures gaining increasing importance (Reiter & Williams, 2002).

One such form of voluntary disclosure is the production of social and environmental reports. A great deal of literature has explored organisational motives for engaging in the voluntary disclosure of social and environmental information (e.g. Yusoff, Lehman & Nasir, 2006; Aguilera et al., 2007; Spence, 2007; Yusoff & Lehman, 2009; Amran & Haniffa, 2010; Dawkins & Fraas, 2011), and a common consensus is that organisations are attempting to construct the impression of social and environmental responsibility, without necessarily altering organisational practices (Roberts, 2003; Adams, 2004; Adams & Frost, 2007; Dawkins & Ngunjiri, 2008; Hopwood, 2009). The impression management literature reviewed in the following section is closely aligned with the social constructionist school of thought, in that organisations construct societal perceptions through the way in which they attempt to manage societal impressions. Several theories have been developed to explain this relationship, the most prominent being legitimacy theory and stakeholder theory, which are discussed in Sections 4.4 and 4.5 below.

Legitimacy theory is concerned with how the organisations presents itself as being legitimate, whilst stakeholder theory is concerned with how organisational legitimacy is perceived by various stakeholders. Both are dependent upon the way in which the organisation manages stakeholder impressions, which both constructs and is constructed by the society in which it operates.

4.3 Impression Management

Impression management is an area of study within social psychology and is defined as "the conscious or unconscious attempt to control images that are projected in real or imagined social interactions" (Schlenker, 1980 cited in Hooghiemstra, 2000: 60). While impression management was originally conceptualised as a theory of the individual, it has been used extensively in an organisational context (e.g. Neu, Warsame & Pedwell, 1998; Mohamed, Gardner & Paolillo, 1999; Hooghiemstra, 2000; Sallot, 2002; Bansal & Kistruck, 2006; Samkin & Schneider, 2010; Lamertz & Martens, 2011) and impression management tactics may be readily applied to organisations (Mohamed et al., 1999). Whilst the definition provided above suggests that impression management may be used either consciously or subconsciously, the definitions provided in an organisational context implicitly assume that managers consciously engage in impression management practices (Merkl-Davies & Brennan, 2007).

Organisational impression management tactics may be direct, involving the presentation of information regarding the organisation's own traits, abilities and accomplishments, or indirect, which involve the management of information regarding the people and things with which the organisation is associated. Moreover, tactics may either be assertive, which are in response to perceived opportunities to enhance the image of the organisation, or defensive, which are used to minimise or repair damage to the corporate image (Mohamed et al., 1999). These strategies have also been termed 'proactive' and 'control protective' (Rankin, Stanton, McGowan, Ferlauto & Tilling, 2012). Previous research has found that whilst both assertive and defensive impression management tactics are used by organisations in a variety of ways, the majority of disclosures comprise assertive impression management tactics (Ogden & Clarke, 2005).

Corporate image and reputation are key aspects of an organisation's success (Hooghiemstra, 2000), and are based upon the general public's perceptions of the organisation. These

perceptions are the result of information conveyed by both mass media and the organisation itself (Brown & Deegan, 1998; Hooghiemstra, 2000). It has been suggested that communication is a strategy employed to respond to societal pressures and create the impression of compliance with societal expectations, without significantly altering organisational activities (Hahn & Scheermesser, 2006). Thus messages display a tendency to be symbolic, rather than substantive messages about efforts to manage social and environmental performance (Yusoff & Lehman, 2009). However, Kim, Bach and Clelland (2007) detailed evidence to suggest that while a positive reputation based upon changes in organisation behaviour has a significant effect on profitability, a reputation based purely on symbolic efforts by management does not. A closer examination of S&ER through the lens of impression management is provided in the following section.

4.3.1 Reporting Practices Through the Lens of Impression Management

There is a great deal of evidence supporting the argument that organisations engage in impression management tactics with respect to S&ER (e.g. Hooghiemstra, 2000; Milne & Patten, 2002; Hahn & Scheermesser, 2006; Bebbington, Larrinaga & Moneva, 2008; Yusoff & Lehman, 2009; Jones & Solomon, 2010). Studies have shown that disclosures are made for the purpose of enhancing or restoring the organisation's reputation, minimising negative performance, and differentiating the organisation from other organisations in the industry (Tschopp, 2003; Bebbington et al., 2008). Evidence suggests that organisations engage in self-serving attributional behaviour, particularly with respect to disclosures that may influence the impression society has of that organisation. Attributional statements generally result in positive information being attributed to the organisation, and negative information being attributed to factors beyond the organisation's control, which is counterintuitive to the perspective that disclosures are made for the purpose of reporting relevant information (Aerts, 2005).

Impression management results in a tendency for organisations to selectively disclose information in order to present a positive view of organisational performance, which is manifest in corporate narratives that contain predominantly good news, regardless of actual organisational performance (Clatworthy & Jones, 2003; 2006). The voluntary nature of S&ER suggests that it is unlikely that organisations would disclose information that may be critical of management, encourage legislation, or could be used against the organisation in litigation (Adams & Harte,

2000). Selective disclosure and impression management have also been found to be evident with respect to the use of graphs (Beattie & Jones, 1999; Frownfelter-Lohrke & Fulkerson, 2001), and pictures and photographs (Harrison, 2003).

The use of graphs as impression management tools has been subject to increasing research attention (e.g. Beattie & Jones, 1999; Frownfelter-Lohrke & Fulkerson, 2001; Arunachalam, Pei & Steinbart, 2002; Beattie & Jones, 2008; Jones, 2011. The use of graphs can potentially influence the communication of information and their advantages are well established (Beattie & Jones, 2002(a); 2002(b)). Graphs attract the reader's attention, particularly if colour is used, and because their interpretation relies on spatial intelligence, as opposed to linguistic intelligence, readers are able to use their dominant visual sense to see the data with more immediacy, facilitating comparisons and the identification of trends, patterns and inconsistencies, and allowing the data to be retrieved more easily (Beattie & Jones, 2002(a)).

However, graphs can also be easily manipulated by preparers in order to convey a desired message, or be presented in such a way that meaning is obfuscated (Beattie & Jones, 1999; 2002(a)). Three forms of graph manipulation are selectivity, measurement distortion and presentational enhancement. Selectivity refers to bias with respect to the choice of variables, or when graphs are purposely used to convey a desired impression, while measurement distortion is present when the underlying numbers are disproportionate to the physical representation of those numbers. Presentational enhancement occurs in circumstances where the way in which the graph is designed either emphasises or draws attention away from particular aspects of the information, such as highlighting certain aspects of performance or through the use of three dimensional or abstract shapes (Beattie & Jones, 1999; Beattie & Jones, 2002(a)).

The choice of whether or not to display a graph, or selectivity, is the primary choice in graph use, whilst the presentation of that graph is secondary (Beattie & Jones, 1999). Until recently no prior literature had examined the use of graphs in S&ER (Beattie & Jones, 2008). The first known study found clear evidence of impression management in graphs presented in social and environmental reports of UK companies, with an overwhelming portrayal of good, rather than bad news in both the selection and distortion of trends, particularly in high-impact industries. Graphs were most commonly used by high profile industrial sectors, particularly the extractive industry (Jones, 2011). In Australia, graph use in social and environmental reports has been

found to be more prevalent amongst sustainability-driven companies (Hrasky, 2012(b)), however the degree of manipulation within those presentations is not known. Evidence from the financial accounting literature suggests that the use of graphs is contingent upon favourable performance (Beattie & Jones, 1999; Beattie & Jones, 2000(b)), and that the frequency of both graph use and selectivity is particularly high in Australia (Beattie & Jones, 2000(a)).

The use of measurement distortion in graphs has been found to occur globally (Frownfelter-Lohrke & Fulkerson, 2001), and an experimental study conducted by Beattie & Jones (2002(a)) revealed that distortions in excess of 10% affected users' perceptions. However, graph distortions far exceeding 10% have been found in practice (Beattie & Jones, 2000(a); Frownfelter-Lohrke & Fulkerson, 2001). Presentational enhancement may take many forms, the majority of which draw the users' attention to a particular aspect of the graph, and evidence suggests that this strategy is used commonly in financial reporting (Beattie & Jones, 1999).

Another way in which the interpretation of graphs may be manipulated is by adjusting the graph's slope parameter. Research suggests that the optimal slope parameter is 45°, and an experiment conducted Beattie and Jones (2002(b)) found that sub-optimal slope parameters may result in a misinterpretation of the information by users. However, their empirical study of the use of graphs in corporate annual reports revealed that the majority displayed slope parameters of a material departure from the optimum (Beattie & Jones, 2002(b)).

Improperly presented graphs have been found to influence users' choices (Arunachalam, et al., 2002), and evidence suggests that preparers use presentation enhancement techniques for the purposes of making a good impression (Tractinsky & Meyer, 1999). Furthermore, commonly used software programs provide and encourage the use of presentation enhancement facilities (Tractinsky & Meyer, 1999; Hill & Milner, 2003). Whilst the intentional manipulation of graphical presentations is considered to be an impression management tactic, it must also be noted that poor graphical presentations may simply be the result of a limited understanding of appropriate graphical presentation techniques, and thus may not be intentionally misleading (Beattie & Jones, 2008). A lack of understanding of appropriate graphical presentation techniques is evidenced by previous findings that graph distortion in practice often enhances unfavourable organisational performance (Beattie & Jones, 1999; Mather, Ramsay & Steen, 2000; Jones, 2011). The increasing use of designers in the preparation of the reports, who may

not have the necessary skills to construct appropriately presented graphs, may also contribute to the use of misleading graphical presentations (Beattie & Jones, 1999; Hill & Milner, 2003).

It has been suggested in the communications literature that graphs should be "humanised" by adding images (Harrison, 2003: 59). Photographs have been described as "powerful and highly effective methods of communication" (Unerman, 2000: 675). However, despite the fact pictures may be used by managers to convey a positive image of social and environmental responsibility (Wilmshurst & Frost, 2000), the majority of studies examining the content of corporate S&ER have failed to include images, with measurement difficulties cited as a reason for doing so (Deegan et al., 2000; Wilmshurst & Frost, 2000) (exceptions include Rämö (2011) and Hrasky (2012(b))).

Insights may be drawn from the annual report literature, which has shown that while early annual reports were completely devoid of any form of pictorial and graphical embellishment, in the 1950s design began to play an important role, and by the 1970s companies were spending large sums of money on the presentation of their annual reports (McQueen, 2001). This trend first emerged in the U.S., with other countries following around a decade later (McKinstry, 1996; McQueen, 2001), and there are now design companies specialising in the production of corporate reports (McKinstry, 1996), and a number of art and design journals devoting space to the topic (Lee, 1994). This makes information regarding the role of designers in S&ER particularly important, as the design literature frequently refers to annual reports as 'marketing documents' (McQueen, 2001), which is counter-intuitive to the notion of accountability.

Several authors have examined the use of pictorial and photographic images in annual reports. The repetition of certain types of images may be used to signify intangible assets such as brand and intellectual capital (Davison, 2008; Davison, 2009; Campbell et al., 2009). Photographs have been used to signal gender diversity, and have also revealed gender stereotyping in both annual reports, and advertising (Anderson & Imperia, 1992; Bell & Milic, 2002; Bernadi, Bean, & Weippert, 2002). Others have explored the role of visual images in constructing reality (Preston, Wright & Young, 1996; Preston & Young, 2000; David, 2001), while Davison (2004) explores the use of images to symbolise religious ascension. If one interprets this suggestion as organisations implying they have some kind of a connection with a deity, her findings are very disturbing indeed.

The integration of graphs, pictures and narrative tells a story, and that story may be interpreted differently according to the reader's perceptions (Jameson, 2000; Stanton & Stanton, 2002). As a result, the use of images and imagery in annual reports has been heavily criticised, with Sosnoff (1997: 283) describing Coca-Cola's 1996 image-laden report a "curious and insidious document". Simpson (2000) argues that the use of imagery contributes to the maintenance of levels of ignorance in society, while Graves at al. (1996) associate the increase in the use of images in annual reports with the growing popularity of television, and suggest that this need to have information presented in a form that is entertaining has resulted in a loss of the ability to question, discuss and oppose.

Impression management is assumed to be a natural aspect of human interaction (Clatworthy & Jones, 2003), and individuals have shown a greater tendency to use impression management when they have unfavourable news to report (Tractinsky & Meyer, 1999). Thus the use of impression management is most pertinent in the effectiveness of such strategies in constructing societal perceptions. Whilst there has been little prior research regarding the effectiveness of organisational impression management tactics, an open-ended questionnaire administered by Bansal and Kistruck (2006) to ascertain the perceived credibility of the organisations regarding their environmental commitment revealed that approximately fifty percent of respondents were influenced by symbolic impression management tactics, such as the use of images and broad qualitative statements. The other respondents were influenced by demonstrative or substantive impression management tactics, which provided specific information regarding organisational social and environmental performance (Bansal & Kistruck, 2006). Therefore it seems that impression management may be effective in constructing societal perceptions, or the social reality of the organisation. Impression management tactics may also be used to portray a certain impression in order to legitimise organisational activities and manage stakeholder relationships. The legitimacy and stakeholder theories are discussed in further detail below.

4.4 Legitimacy Theory

Legitimacy theory has, arguably, been the dominating, although not necessarily the best, perspective used to explore the motives behind S&ER (Hooghiemstra, 2000; Campbell, 2003; O'Dwyer, 2003). Suchman (1995: 574) defines legitimacy as being "a generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate within some socially

constructed system of norms, values, beliefs and definitions". Deconstructing this definition further, Suchman (1995) suggests that the three key aspects are that legitimacy is *generalised*, is a *perception or assumption* and is *socially constructed*.

Legitimacy is *generalised* in that it is dependent on a history of events viewed as a whole, rather than any one individual event. Therefore, an organisation may sporadically behave in a way that is incongruent with social norms yet still retain legitimacy, provided that the incongruent behaviour is considered to be unique. Legitimacy is a *perception or assumption* in that it signifies observers' responses to an organisation "as they see it" (Suchman, 1995: 574), and as such legitimacy is created as a result of subjective observations. Therefore an organisation may deviate considerably from social norms, yet still retain legitimacy if the deviation is not noticed. Finally, legitimacy is *socially constructed* in that it indicates a similarity between the activities of the organisation and the collective values of some social group. Legitimacy depends on the views of an audience as a whole, yet remains independent of individual observers. Therefore an organisation may behave in a way that conflicts with an individual's values yet still retain legitimacy, provided the behaviour does not attract disapproval from the broader public.

Suchman's (1995) suggestion that legitimacy is socially constructed reflects the 'social contract' upon which legitimacy theory is based. The social contract, or "licence to operate" (Deegan et al., 2002: 319) is an implicit agreement between an organisation and society which suggests that, although the predominant objective of the organisation is to make a profit, the organisation also has a moral obligation to engage in socially responsible behaviour or perhaps more to the point, not engage in socially irresponsible behaviour (O'Donovan, 2002). Should an organisation fail to meet the terms of its social contract, its continuing operations may be in jeopardy (Deegan et al., 2002). Following a breach of the social contract, society may penalise the organisation by demanding increased regulation regarding organisational activities, or by discontinuing the provision of resources. For example, society may restrict the provision of resources in the form of finance or labour, and as a result cease to allow the organisation to operate (Liu & Anbumozhi, 2009). Therefore, society must perceive that the use of resources that might alternatively be used elsewhere is legitimate (Milne & Patten, 2002). In the event that an organisation fulfils its obligations regarding its social contract, evidence that the organisation's

goals are congruent with those of society is provided, and in turn society affords that organisation legitimacy (Cormier et al., 2004).

4.4.1 Legitimacy Gaps and Legitimation Strategies

The expectations of society vary over time, and these expectations vary according to the socially constructed reality in which the organisation operates (Deegan et al., 2002; Schultz et al., 2002; Stanton & Stanton, 2002; Samkin & Schneider, 2010). Therefore organisations must be responsive to their relevant environments, as over time society may change its view of what is deemed to be acceptable, or legitimate, organisational behaviour. As a result, the legitimacy of the organisation may diminish, despite organisational behaviour that was previously considered to be legitimate remaining unchanged (Deegan et al., 2002). When society's perception of organisational goals is incongruent with the actual goals of the organisation, cognitive dissonance may result. Cognitive dissonance occurs when different perceptions of the same thing or event are out of alignment (Adams & Whelan, 2009), or when an organisation's actual or perceived behaviour differs from the social norms and values upheld by the society in which it operates (Milne & Patten, 2002). This cognitive dissonance then threatens legitimacy, and may result in the development of a legitimacy gap (Milne & Patten, 2002).

Legitimacy gaps may result from three types of changes: changes in corporate activities in the presence of stable societal expectations, changes in societal expectations in the presence of stable organisational activities, or opposing changes in both societal expectations and organisational activities (O'Donovan, 2002). Threats to legitimacy may result from poor decisions, inattention to problems that may be arising, a failure to uphold ethical responsibilities (Milne & Patten, 2002), or simply a lag between societal expectations and organisational actions. When faced with a legitimacy gap, there are many legitimation tactics and methods of disclosure that may be adopted by the organisation in order to restore its legitimacy.

Legitimacy theory suggests that managers will respond to legitimacy gaps and adopt strategies that demonstrate to society that they are meeting the expectations of society, with respect to the terms of the social contract (Deegan et al., 2002). According to legitimacy theory, organisations have no inherent right to resources, and exist only to the extent that the society in which they

operate considers them to be legitimate (Deegan, 2002). That society is more likely to provide a 'licence to operate' to organisations that are perceived to be desirable or appropriate, and audiences are more likely to view legitimate organisations as being more worthy, meaningful, predictable and trustworthy (Suchman, 1995). While there are many strategies that may be adopted by managers seeking to demonstrate behaviour that is congruent with the expectations of society, for the purposes of this study the discussion focuses predominantly on disclosure strategies, and this will be discussed in detail in Chapter 5. Organisations rely heavily on communicating their socially responsible activities to stakeholders in order to signal, attain, maintain, or repair their legitimacy (Suchman, 1995; O'Dwyer, 2003), thus providing some insight into why organisations may elect to disclose social and environmental information.

Suchman (1995) further classifies legitimacy as being pragmatic, moral and cognitive, and each type depends on differing behavioural dynamics between the organisation and its stakeholders. Whilst a detailed explanation and exploration of these classifications of legitimacy is beyond the purposes of this thesis, a brief discussion may shed some light on the varying disclosure strategies used by organisations. Pragmatic legitimacy is based upon the societal acceptability of organisational behaviour and involves direct interactions between the organisation and its stakeholders, and thus is most susceptible to impression management (Hrasky, 2012(a)). Moral legitimacy is based not upon perceptions of the acceptability of organisational activities, but rather whether the activity is perceived as being the correct thing to do. Fundamental differences exist between moral legitimacy and pragmatic legitimacy, which is based upon narrow self-interest. Moral concerns tend to be more impervious to manipulation for self-interested purposes than solely pragmatic considerations (Suchman, 1995).

Suchman's (1995) final classification of legitimacy, cognitive legitimacy, is based on cognition rather than stakeholder self-interest or evaluation. Cognitive legitimacy may be based upon either legitimacy resulting from comprehensibility or from "taken-for-grantedness" (Suchman, 1995: 582). Legitimacy resulting from comprehensibility is based upon the existence of cultural models. These models provide plausible explanations for organisational behaviour and activity and render the appearance that organisational activity is predictable, important and appealing (Suchman, 1995). Thus cognitive legitimacy is less associated with disclosure strategies (Hrasky, 2012(a))

4.4.2 Reporting Practices through the Lens of Legitimacy Theory

Legitimacy is a significant organisational resource upon which the organisation depends for survival (Ogden & Clarke, 2003), and which to some extent may be managed and controlled. It has been argued that in order to obtain or maintain legitimacy, an organisation must communicate to society any socially and/or environmentally responsible actions that it may have taken (Cormier et al., 2004), or wishes to be perceived as having taken (Deegan et al., 2002). If an organisation has undertaken social and environmental activities it is necessary for them to communicate those activities to the society in which they operate (Deegan et al., 2002).

If an organisation fails to disclose information to society regarding changes in its activities in areas perceived to be relevant to its legitimacy, the audience will remain unaware of the activities being undertaken, further compounding the difficulties surrounding the achievement of organisational legitimacy (O'Donovan, 2002). However, legitimacy theory also suggests that communication may be used by organisations for the purpose of altering society's perceptions of legitimacy, without actually altering organisational activities (Raar, 2007). Therefore, communication plays an integral role in the enhancement of organisational legitimacy, regardless whether or not organisational activities have in fact changed.

S&ER may be used by organisations as a means of managing the public image of the corporation in order to establish or maintain legitimacy (Hedberg & von Malmborg, 2003). If organisations fail to legitimise their existence by convincing society of their social and environmental responsibility, they may lose the unwritten 'licence to operate' that society has bestowed upon them (Thompson & Zakaria, 2004). Several studies have found support for the suggestion that organisations disclose social and environmental information for legitimacy purposes. In Australia, positive social and environmental disclosures have been used to legitimise organisational existence following successful prosecution for breaches of environmental protection laws (Deegan & Rankin, 1996), and in response to perceived negative public opinion (Deegan et al., 2002). Evidence suggesting that poorer environmental performance leads to greater levels of environmental disclosure provides further support for the suggestion that such disclosures are used for legitimation purposes (Fekrat et al., 1996; Cho and Patten, 2007; Hrasky 2012(a)).

It is acknowledged that no individual organisation can completely satisfy all of its stakeholders' requirements (Suchman, 1995). Therefore organisations must prioritise the needs and demands of the various stakeholders in order to determine which of them to satisfy for the purpose of ensuring they do not breach the terms of their social contract. Research suggests that organisations make disclosures in response to the perceived importance of stakeholders (Wilmshurst & Frost, 2000). Therefore, the following section draws upon stakeholder theory in order to provide some insight into how organisations categorise their various audiences, and how they prioritise their stakeholders' diverse range of needs and expectations.

4.5 Stakeholder Theory

There are two streams of stakeholder theory, the normative (or ethical) and the positive (or managerial). Normative stakeholder theory is a theory of organisational management and ethics that considers morals and values to be central to organisational management. However, both positive and normative stakeholder theorists suggest that managing for stakeholders requires more than the maximisation of shareholder wealth, and that attention must be directed towards the interests of those who can aid or hinder the achievement of organisational objectives (Phillips et al., 2003). Stakeholder theorists argue that the survival of the organisation is dependent on the approval and support of stakeholders and that organisational activities are adjusted accordingly (Roberts, 1992; Phillips, 1997; Van der Laan Smith, Adhikari & Tondkar, 2005; Liu & Anbumozhi, 2009).

The management of stakeholder relationships presents a significant challenge for both managers and organisational leaders, and recent corporate collapses resulting from corporate fraud and greed, such as that of Enron, WorldCom and HIH Insurance have placed organisational stakeholder management approaches under increased scrutiny (Cuganesan & Khan, 2008). While some of the concepts central to stakeholder theory gained prominence in the 1980s, stakeholder theory has experienced a recent resurgence in the literature due to its practical applicability for both academics and managers (Jamali, 2008).

Stakeholder theory is most commonly attributed to the work of R. Edward Freeman (Cuganesan & Khan, 2008; Jamali, 2008) and is based upon the concept that the management of stakeholder expectations is central to organisational performance and, as such, must receive explicit

consideration when organisational strategies are being formulated. Stakeholders are defined as being "any individual or group who has an interest in the firm because he [sic] *can affect, or is affected* by the firm's activities" (Freeman, 1984: 41). Donaldson & Preston suggest that

> stakeholders are defined by *their* legitimate interest in the corporation, rather than simply by the corporation's interest in *them* (1995: 76) [and] are identified through the actual or potential harms and benefits that they experience or anticipate experiencing as a result of the firm's actions or inactions (1995: 85) (emphasis in original).

Donaldson and Preston (1995) suggest that stakeholder theory may be descriptive, instrumental, or normative. Descriptive stakeholder theory seeks to delineate the opinions of those participating in organisational objectives and actions in relation to different stakeholders. This perspective emphasises the fact that organisations are socially constructed and, as such, behave in a way that accords with shared perceptions. Instrumental stakeholder theory operates under the assumption that the organisation exists for the purpose of wealth creation and that corporate social responsibility and any associated activities are simply strategic tools used for the purposes of achieving economic, managerial or power objectives. Conversely, normative stakeholder theory focuses on the ethical requirements that form the foundations of the relationships between organisations and stakeholders, and suggests that organisations behave in ways that reflect their ethical obligations towards stakeholders (Jamali, 2008).

Whilst a fundamental aspect of the normative branch of stakeholder theory is that all stakeholders are important, and accordingly the organisation should consider its responsibilities with regards to all stakeholders' interests, this is difficult to do in practice. The managerial branch of stakeholder theory suggests that rather than attempting to satisfy the interests of every stakeholder, limited resources and rationality result in a tendency for organisations to classify and prioritise their stakeholders with reference to instrumental and normative considerations (Jamali, 2008), or by the stakeholder salience as determined by the power, legitimacy or urgency of a particular issue that needs to be addressed (Mitchell, Agle & Wood, 1997). As such stakeholders are classified according to their perceived importance to the organisation (Gibson & O'Donovan, 2007), and these classifications are generally reliant upon the discretion of individual managers and their personal instrumental and normative tendencies (Jamali, 2008).

Stakeholders may be classified as being either primary or secondary according to their varying degrees and type of stakeholder power (Van der Laan, Ees & Witteloostuijn, 2008; Liu & Anbumozhi, 2009). Stakeholder power may present itself in forms such as the control of limited resources or the ability to impose regulations upon the organisation, and the degree of power wielded by stakeholders varies across organisations (Liu and Anbumozhi, 2009). Primary stakeholders also differ from secondary stakeholders in terms of their relationships with the organisation. Primary stakeholders are those with a reciprocal direct exchange relationship with the organisation and the terms of the relationship are often set out in explicit contracts. Secondary stakeholders endeavour to influence those exchange relationships in a far more indirect manner. Examples of primary stakeholders include shareholders, customers, employees and suppliers while secondary stakeholders include media and special interest groups. Governments and community groups have been classified as being both primary and secondary stakeholders (Cuganesan and Khan, 2008; Van der Laan et al., 2008). The absence of explicit contracts and direct exchanges in relationships with secondary stakeholders results in these stakeholders depending upon reputation as a means of determining the level of support they will afford to the organisation, as they lack the opportunity to construct their own perceptions via 'face-to-face' interactions. It has been suggested that a positive reputation for social and environmental performance is a particularly important consideration for secondary stakeholders in judging the legitimacy of an organisation (Van der Laan et al., 2008).

4.5.1 – Reporting Practices through the Lens of Stakeholder Theory

A normative perspective is that all stakeholders have a right to be treated equitably, and organisations adopting this perspective are likely to provide a wide variety of different types of information (Gibson & O'Donovan, 2007). Often it is the information disclosed publicly by organisations that provides the basis for dialogue between organisations and stakeholders (Cuganesan & Khan, 2008). Engagement with stakeholders is essential to determine what it is that the organisation is to be held responsible for, and the literature is increasingly moving from a stakeholder management to stakeholder engagement approach with respect to organisational and stakeholder relationships (Morsing & Schultz, 2006). However, as noted in Chapter 3 genuine dialogue in practice appears to be limited. Cuganesan and Khan (2008) suggest that the

reporting of the degree to which stakeholder views have been addressed, or 'stakeholder reciprocity', indicates a higher level of stakeholder dialogue. The authors assessed the reporting of stakeholder reciprocity by analysing key performance indicators (KPIs) that reflected the views of stakeholders rather than shareholders. Little evidence was found to indicate that the organisations examined were discharging their responsibilities to stakeholders, or that organisations were reporting on the outcomes of dialogic relationships. Furthermore, results emphasised the varying degrees of importance afforded to stakeholders, with organisations placing the greatest importance on customers and employees, followed by communities and regulators, and the lowest level of importance afforded to remaining stakeholders (Cuganesan & Khan, 2008).

Previous research considering S&ER and stakeholder theory has commonly examined disclosures made in annual reports (e.g. Van der Laan Smith et al., 2005; Raar, 2007; Cuganesan & Khan, 2008; Yusoff & Lehman, 2009). However, the literature suggests that organisations endeavour to manage relationships with stakeholders in a variety of ways. For example, employees may receive information internally, whilst shareholders are provided with information in the annual report, and secondary stakeholders are most likely to obtain information from the media, promotional material, or websites (Tilt, 2008). However, research examining whether the communication needs of differing stakeholder groups are being met indicates that little use is made of alternate reporting media, and where used are not used to their full advantage, suggesting that a higher priority is given to communicating with primary stakeholders than with secondary stakeholders (Lodhia, Allam & Lymer, 2004; Tilt, 2008).

As suggested above, a reputation for social and environmental performance is particularly important to secondary stakeholders (Van der Laan et al., 2008). Therefore, S&ER may be a means of addressing the needs of secondary stakeholders. Australian evidence suggests that organisations do adjust their disclosure policies for the purpose of indicating that their activities are consistent with changes in the priorities and expectations of secondary stakeholders, namely conservationists and environmental issues groups. However, the biased and self-laudatory nature of the disclosures suggests that they fail to meet the information needs of these stakeholders (Guthrie & Parker, 1989; Deegan & Gordon, 1996). These findings are consistent with

suggestions that S&ER is used as a stakeholder management tool, rather than a vehicle to discharge S&EAA (Belal, 2002; Manetti, 2011).

4.5.2 Synthesis of the Theoretical Frameworks

In summary, the organisation is a socially constructed entity that simultaneously constructs reality through the collective actions and perceptions of the constituents that comprise the organisation. One of the ways in which organisations may construct 'reality' (and communicate it) in relation to social responsibility is through the use of impression management strategies in S&ER. Whilst impression management and S&EAA are not mutually exclusive, in practice organisations appear to use self-serving attributional behaviour to selectively disclose information that constructs a positive image of the organisation, which does not necessarily discharge S&EAA. S&ER may also be used to legitimise organisational activities and manage stakeholder relationships. Legitimacy theory provides some insight into why an organisation may choose to disclose social and environmental information, and why organisations choose to disclose varying amounts and types of information and stakeholder theory offers explanations regarding how the information needs of the various stakeholders are addressed. Whilst legitimacy and stakeholder theories are the most commonly cited in the S&ER literature, attempts to find support for legitimacy theory have yielded mixed results (e.g. Guthrie & Parker, 1989; Campbell, 2000; Wilmshurst & Frost, 2000; Campbell et al., 2003), and there remains a paucity of empirical research regarding a stakeholder focused approach to reporting (Jamali, 2008). Organisations operate within complex social systems, and it has been argued that there is no single theoretical framework that can explain all facets of S&ER (Campbell et al., 2003). Therefore, an integrated theoretical framework, the Nexus of Theories, is proposed in the following section.

4.6 - The Nexus of Theories: an Integrated Theoretical Framework

There is a great deal of overlap between the legitimacy theory, stakeholder theory and impression management literature, and they are all in some way based upon the social constructionist view of reality. One component that is integral to both stakeholder theory and legitimacy theory is the concept of the existence of a social contract (O'Donovan, 2002). Both

are derived from the political economy literature. Political Economy Theory has two branches, which may be broadly classified as the 'classical', and the 'bourgeois'. Classical Political Economy Theory takes a Marxist perspective which considers the role of socially constructed political systems in contributing to social conflict and inequity, whilst Bourgeois Political Economy Theory, from which legitimacy and stakeholder theories are derived, does not generally consider such social inequities (Deegan, 2014). These contrasting perspectives complement the proposed integrated theoretical framework in that stakeholder engagement and legitimation tactics, whilst generally treated in the extant literature as existing in a pluralistic world, are in fact influenced by the external environment, and the socially constructed power imbalances therein. Both legitimacy theory and stakeholder theory consider organisational social and environmental reporting to be a result of the expectations and demands of a range of stakeholders (Golob & Bartlett, 2007; Merkl-Davies & Brennan, 2007). Legitimation is a process resulting from the interaction between an organisation and its environment (Milne & Patten, 2002), as is stakeholder management, and these interactions with the environment constitute the social reality of the organisation.

Legitimacy is a socially constructed phenomenon, which is constructed in part by the way in which organisations manage their stakeholder relationships (Suchman, 1995; Jamali, 2008). Impression management has been used as an explanatory framework with which to examine both the behaviour of organisations facing legitimacy threats (Merkl-Davies & Brennan, 2007), and of those seeking to enhance their image (Milne & Patten, 2002). However, regardless of whether its purpose is for image restoration or image enhancement, the assumption exists that organisations engage in impression management for the purpose of altering the perceptions of individual stakeholder groups (Merkl-Davies & Brennan, 2007). This focus on altering the perceptions of stakeholders emphasises the fact that that organisations may engage in impression management in order to portray a certain image, without actually altering organisational behaviour (Kim et al., 2007; Raar, 2007), and represents an attempt to construct the social reality of the organisation.

While many authors have considered the similarities between the theories (e.g. Merkl-Davies & Brennan, 2007; Golob & Bartlett, 2007; Raar, 2007), the differences that exist between them are equally important. Suchman's (1995) definition of legitimacy states that legitimacy is socially constructed, whilst descriptive stakeholder theory suggests that it is the organisations themselves

that are socially constructed (Jamali, 2008). O'Donovan (2002) suggests that the most significant difference between the two theories is the perspective from which they are viewed and analysed. This may be seen as the way in which the different theories consider organisational adherence to the social contract. Stakeholder theory posits that individual, identifiable groups within the society in which the organisation operates may hold a particular interest in organisational social and environmental performance, and is concerned with how organisations manage those stakeholder relationships in order to stay within the bounds of the social contract. Legitimacy theory is concerned with how the existence of the social contract results in the need for organisations to communicate their actions to society in order to achieve, maintain, or restore legitimacy (Cormier et al., 2004).

S&ER may be driven by both self-serving and altruistic motivations simultaneously, and it is unrealistic to expect one single motivation to dominate (Beattie & Jones, 2008; Liu and Anbumozhi, 2009). Therefore a number of researchers have suggested that the use of more than one theoretical lens may provide significant insights that are made all the more so by both the similarities and the differences between the theories (e.g. Deegan & Blomquist, 2006; Adams & Whelan, 2009; Ludescher, Mahsud & Prussia, 2012). It has been suggested that the similarities indicate that they are complementary rather than opposed, and the combination of the differing perspectives facilitates a greater understanding of an organisation's particular actions (Cormier et al., 2004; Adams & Whelan, 2009). The use of impression management is applicable in choosing legitimation strategies and as part of stakeholder management, and all three are intertwined by the socially constructed nature of reality.

As a result of these relationships and synergies between the theories, a nexus of theories is proposed and displayed visually in Figure 4.1. This nexus may be categorised as a 'general systems theory' (as per Gray, 1992), which has been suggested as the most appropriate paradigm through which to view corporate responsibility (Ludescher et al., 2012). The Nexus of Theories is based upon the notion that legitimacy theory, stakeholder theory and impression management operate as a connected group (Horner, 2009), and suggests that the theories provide the greatest insights when viewed as being interrelated and existing co-dependently in a socially constructed and constructing world.
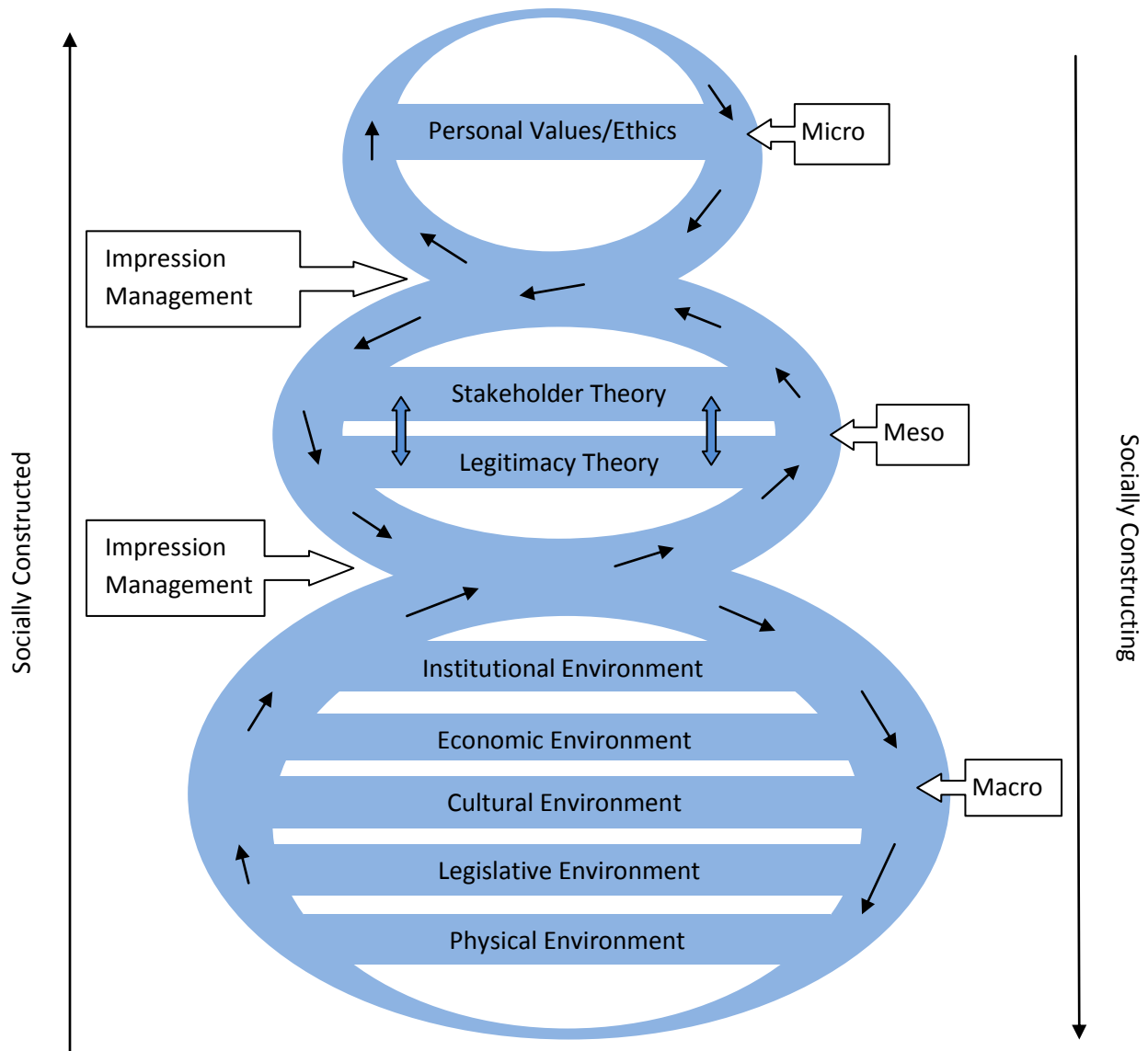
Figure 4.1 - The Nexus of Theories

The diagram shows how organisational S&ER is used and operates within the social system at the micro (individual), meso (organisational) and macro (societal) environments. In contrast to the anthropomorphised view of the organisation taken in much of the extant accounting literature, the importance of individuals at the micro level is recognised, thus they are placed at the top of the diagram. Consistent with suggestions that organisational culture is set from the top and it is the role of top management to build relationships and instil a commitment to S&EAA amongst staff, suppliers and contractors (Jones, 1995; Deegan & Gordon, 1996; Rankin et al., 2012), the focus at the micro level is on an individual who yields a great deal of power and influence, such as a manager at CEO level. This individual engages in impression management

in their day-to-day interactions with individuals at the meso level, represented by the intercept between the micro and meso levels.

The organisational reality constructed by these interactions then influences the way in which the organisations legitimise their activities and manage stakeholder relationships, thus legitimacy theory and stakeholder theory are shown to be complementary and cyclical in nature. Impression management is then used at an organisational level in the organisation's interactions with the society in which it operates, which is again represented by the intercept between the two levels. These interactions both influence and are influenced by the institutional, economic, cultural, legislative and physical aspects of the macro environment. The arrows indicate the organic nature of societal expectations, and behaviour at the micro and meso levels which both constructs, and is constructed by social reality. These relationships are discussed in further detail below.

As noted above S&ER may be driven be several motivations simultaneously, which are determined by the personal values and ethics of individual managers. Those values are constructed by the individual's interactions with the social world. The individuals construct an image of themselves, and by extension the organisation, when they interact with their immediate social world, or those at the meso level. Those interactions also communicate the reality of the organisation perceived by the powerful individual at the micro level to those at the meso level, which in turn help construct the reality of the organisation as perceived by those at the meso level. This reality construction may be conducted either consciously or subconsciously through the use of impression management.

At the meso, or organisational level, relationships with stakeholders are managed in order to ensure that organisational activities are perceived to be legitimate. The perceptions and expectations of stakeholders construct the social contract. This social contract then dictates the ways in which organisations communicate with society in order to legitimise their activities, which in turn influences stakeholder expectations and perceptions, which are managed by organisations, and so on. Therefore stakeholder theory and legitimacy theory are displayed as a continuous cycle.

Communication is an integral aspect of both legitimacy and stakeholder theories (Cuganesan & Khan, 2008), and impression management may be used in communication in order to influence the perceptions of stakeholders and legitimise organisational activities. As such, the Nexus of Theories suggests that organisational impression management on an organisational level is an outcome of the ongoing relationship between legitimation activities and the management of relationships with stakeholders, and influences the way in which the organisation interacts with broader society at the macro level.

The macro level comprises the broader societal environmental factors including the institutional, economic, cultural, legislative and physical environments. Each of these aspects of the macro environment have some influence over the needs and expectations of stakeholders, and the varying requirements for legitimacy, and both construct, and are constructed by the organisation. Firstly, the environment in which the organisation operates dictates the terms of any relationships it has with stakeholders, in that organisational strategies will differ according to environmental factors. Environmental factors include, but are not limited to, the availability of resources, cultural norms and expectations, regulatory and governmental control and whether the organisation operates within a developed or developing nation. These relationships with stakeholders then determine the degree to which the organisation is perceived to be legitimate, which in turn affects the legitimation strategies chosen by the organisation in order to manage its relationships with stakeholders.

Legitimation and stakeholder management strategies through the use of impression management also construct the organisational environment in that these strategies influence the perceptions stakeholders have of organisations. As such they may affect the availability of resources, the degree of regulatory and governmental control, and even cultural expectations and norms. This has a resulting effect on the legitimation tactics required by organisations when managing their relationships with stakeholders, demonstrating that the relationships between organisations and the societies in which they operate, and the ways in which organisations communicate with stakeholders, are mutually dependent (Horner, 2009). Organisational activities such as S&ER cannot be considered in isolation, they are influenced by the nature of the organisation and its relationship with society (Tilt, 2001). Thus the ways in which stakeholders are managed and

legitimacy conferred are simultaneously determined by perceptions at the micro, meso and macro levels.

In summary, the Nexus of Theories provides a multi-faceted framework through which to analyse organisational behaviour within a complex social system. In order to discharge organisational S&EAA it appears that a powerful individual within the organisation should recognise a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation, and then construct an organisational culture that recognises this responsibility. Appropriate social and environmental performance management systems should be put in place to facilitate S&EA, and accounts of this performance provided to those who have a right to know. Organisations should engage in dialogue with stakeholders to determine what it is that they are to be held responsible for, rather than simply attempt to manage stakeholder relationships through superficial legitimisation strategies. The way in which organisations and powerful individuals within organisations interact with stakeholders and attempt to legitimise their activities is determined by both the organisational culture and macro environmental factors, and the organisation can also construct the macro environment via its interactions at the broader societal level. There are clearly advantages that flow to the organisation if they are able to construct an environment in which they are perceived favourably by society, thus leading to suggestions that there is a 'business case' for S&ER. The 'business case' is closely aligned with successful stakeholder management, legitimation, and impression management strategies, and is discussed in the following section.

4.7 The 'Business Case' for S&ER

The Nexus of Theories provides a framework by which we might understand the role of organisations in the social structure, and their ability to create impressions that legitimise their operations and facilitate the management of stakeholder relationships. Voluntary disclosure forms a significant aspect of legitimacy construction. However S&ER requires a great deal of effort on the part of the organisation and consumes considerable organisational resources, particularly during the first year it is undertaken (Kolk, 1999), with the average cost of S&ER for a multinational corporation estimated to be approximately $500,000 (Maharaj & Herremans, 2008). Furthermore, the information disclosed may be of a sensitive nature due to competitiveness (Kolk, 1999). As argued in Chapter 3, there appears to be an absence of a desire

to discharge S&EAA in organisational S&ER practices. Therefore, it seems reasonable to suggest that organisations would not embark upon such a costly exercise unless they perceived some organisational benefit. A number of studies have explored the 'business case' for organisational engagement in S&ER, suggesting that organisations are motivated to engage in S&ER due to 'enlightened self-interest' (Burritt & Gibson, 1993; Schultz et al., 2002; Margolis & Walsh, 2003; Spence, 2007; Deegan, 2009), and a great deal of emphasis has been placed upon the commercial benefits of S&ER (Adams & Harte, 2000).

According to the 'business case' there are several reasons why an organisation may choose to undertake voluntary S&ER, such as improving staff education, fulfilling supply chain requirements, or in order to attract investment funds including ethical investment, win reporting awards, comply with industry requirements or codes of conduct, delay the introduction of legislation, or to communicate the group's targets and values to all subsidiaries (Adams, 2002; Burritt, 2002; Deegan, 2002; Tschopp, 2003). Furthermore, many of these benefits may provide the advantage of considerable reputational benefits (Adams, 2002; Burritt, 2002).

Enhanced organisational reputation has been found to be a common motivator for S&ER (e.g. Schultz et al., 2002; Campbell & Beck, 2004; Hahn & Scheermesser, 2006; Bebbington et al., 2008). From a reputation or image management perspective, there are several reasons an organisation may choose to undertake voluntary S&ER (Hooghiemstra, 2000), such as reducing criticism by increasing understanding of organisational activities, minimising risks such as consumer boycotts and unforseen issues, attracting and retaining the most talented employees, and improving local government and community relationships (Adams, 2002; Burritt, 2002; Deegan, 2002; Tschopp, 2003). It has been suggested that those organisations with good reputations can charge premium prices and have more favourable credit ratings, which generally result in lower interest rates (Hooghiemstra (2000). The extent to which an organisation perceives these reputational and image management benefits, and their perceived importance, is "likely to influence the extent and nature of reporting" (Adams, 2002: 236).

Advocates of the 'business case' have suggested that these benefits of S&ER result in improved organisational financial performance. Previous studies have shown that there is a positive correlation between an organisation's S&ER and financial performance (e.g. Al-Tuwaijri, Christensen & Hughes, 2004: Murray, Sinclair, Power & Gray, 2006). However, there is also

evidence suggesting that organisational S&ER practices tend to be scaled back when the organisation is not performing well financially (Hassel, Nilsson & Nyquist, 2005), and that organisations with poor financial performance, or those operating in weak economies are less likely to engage in S&ER (Campbell, 2007). Therefore, whilst it has been suggested that the primary purpose of S&ER is to increase shareholder wealth (Adams & Whelan, 2009) the relationship between S&ER and financial performance remains unclear (Margolis & Walsh, 2003).

It has also been found that a positive relationship exists between good social and environmental performance and the level of S&ER (Cormier & Magnan, 2003). However, there is also contradictory evidence suggesting that those organisations with poor environmental performance are more likely to make disclosures, and those disclosures are more likely to be positive in nature (Deegan & Rankin, 1996). Therefore, there appears to be an unfortunate incongruence between what it is that organisations say that they do in regard to social and environmental performance, and their actual performance. This incongruence may be referred to as performance dissonance. Unsettling discrepancies have been shown between organisational accounts of performance and independent external social audits (Henriques, 2001), and technological advances and social media have given rise to an 'audit society' (Jeacle, 2012) in which poor organisational performance is revealed more quickly and reported more widely than ever before.

Alternatively, there is evidence to suggest that organisations may engage in proactive socially and environmentally responsible behaviour without necessarily disclosing that information (Paul, 2008), suggesting that S&ER does not necessarily indicate social and environmental performance, and vice versa (Fukukawa & Moon, 2004; Perrini, 2006). It appears from the literature that in practice organisational motivations to engage in S&EA may be incongruent with motivations to report, which may explain the performance dissonance mentioned above.

Due to these contradictory arguments in the literature regarding whether organisations with good or poor environmental performance are more likely to voluntarily disclose environmental information, Dawkins & Fraas (2011) proposed a curvilinear relationship, moderated by visibility, between organisational environmental performance and the level of environmental disclosure. The authors found that organisations at both ends of the environmental performance spectrum were more likely to voluntarily disclose environmental information than those in the

middle of the spectrum. Whilst visibility, measured as a frequency of media coverage, was found to be positively related to disclosure, contrary to expectations it had no moderating effect on the relationship between environmental performance and environmental disclosure. Therefore the authors concluded that the more 'visible' an organisation was, the more likely it was to engage in S&ER, regardless of its environmental performance.

However, it must be noted that this measurement of visibility used may be problematic, due to indeterminate causality between visibility and media attention. Furthermore, whilst the sample was taken from the S&P 500 in the years 2005 and 2006, visibility was measured by the number of times the organisation was mentioned in the newsprint media in the calendar year of 1996. It may be argued that the media coverage of a decade ago is unlikely to influence organisational behaviour, particularly when the shift in readership preferences from newsprint to internet over that period is considered. These limitations may explain the unexpected results with respect to visibility.

The use of media attention as a proxy for visibility was also applied in an Australian context, in which visibility was found to be associated with higher levels of disclosure, and that disclosure overwhelmingly positive (Brown & Deegan, 1998). However, as noted above, media attention may not necessarily be the most appropriate proxy measurement for the visibility, or public profile, of the organisation. An alternate proxy was provided by Clarke and Gibson-Sweet (1999), who measured public profile according to the organisations' proximity to end-users. The sample was classified into three groups; those organisations selling directly to the end-user, those producing brands known to the end-user, and those with no obvious connection to the end-user. The authors found that whilst not significant, the results did indicate that public profile did increase the likelihood of voluntary S&ER.

Public profile, or visibility, may also be positively associated with the size of the organisation (Clarke & Gibson-Sweet, 1999), and there is a great deal of literature to suggest that larger organisations are more likely to engage in voluntary S&ER. A commonly used proxy for size is some measure of financial performance, such as market capital or total assets (e.g. Deegan & Gordon, 1996; Esrock & Leichty, 1998; Cormier & Magnan, 1999; Cormier & Gordon, 2001; Latteman, Fetscherin, Alon, Li & Schneider, 2009), which is consistent with the suggestion that a positive relationship exists between the financial health of the organisation and their propensity

to engage in S&ER (Campbell, 2007). However, caution must be exercised when making assumptions about causality (Adams & Whelan, 2009). The public profile, or visibility, of an organisation may also be determined by the industry in which the organisation operates (Clarke & Gibson-Sweet, 1999), and as noted in Chapter 3 numerous studies have shown significant industry differences with respect to organisational S&ER practices.

The 'business case' for S&ER falls a long way short of discharging S&EAA (Owen & Swift, 2001), and it has been argued that by focusing on the financial benefits of S&ER, proponents of the 'business case' are simply reinforcing the capitalist ideals that led to the destructive overconsumption of resources in the first place (Margolis & Walsh, 2003; Burns, 2012). Furthermore, the propensity for organisations to engage in S&ER for solely reputation and image management purposes has concerning implications regarding organisational social and environmental performance, and it has been suggested that if reporting continues to be used in this way it will benefit only the capital market. It offers no incentives to promote increased organisational social and environmental awareness and commitment, and as a result may in fact jeopardise global sustainability (Yusoff & Lehman, 2009).

In summary, whilst proponents of the 'business case' suggest that operational, financial and reputational benefits accrue to organisations engaging in S&ER, empirical studies examining the relationship between S&ER and financial performance have yielded mixed results. Therefore, whilst the financial benefits of engaging in S&ER remain unclear, the intangible reputational benefits appear to provide some motivation for organisations to engage in S&ER, and the need to maintain a positive public image may be determined by the visibility or the organisation. There appears to be little correlation between S&ER and organisational social and environmental performance. However, it must be noted that organisational behaviour often makes little difference to how the organisation is perceived by external constituents; how it is perceived is predominantly determined by the communication strategies used by the organisation in its stakeholder management and legitimation efforts, regardless of whether this relates to performance (Owen & Swift, 2001). Consistent with the socially constructed and constructing nature of the organisational environment emphasised in the Nexus of Theories, the reputational benefits resulting from engagement in S&ER, which may be enhanced through organisational

impression management tactics, may in turn facilitate stakeholder management and organisational legitimation.

4.8 Summary

The purpose of this chapter was to provide the theoretical foundation upon which this exploratory research is based. Organisations operate in complex environments, and it is argued that a multi-faceted theoretical framework may provide greater insights with respect to organisational behaviour. A Nexus of Theories based upon legitimacy theory and stakeholder theory is proposed, in which impression management is used as a tool to construct organisational identities. It is argued that no study of organisational behaviour can be undertaken without an acknowledgement of the socially constructed nature of reality.

The social constructionist view is based on assumption that social reality is constructed by individual interactions with their everyday and face-to-face social world. The corporation is merely a social construct, yet it appears by many to be a monster that has enslaved us. We have assigned to it a personality, unlimited life, and a hunger for profits that may never be satisfied. The use of myths, symbols, and communication play an important role in this reality construction, and the use of impression management occurs both consciously and subconsciously in all forms of communication.

Impression management originated within social psychology and has been increasingly applied in organisational settings. Impression management is closely aligned with the social constructionist school of thought in that both are concerned with the construction of societal perceptions. Many of the features of impression management strategies may also be used to enhance the communicative power of corporate disclosures, and the concepts of accountability and impression management are not mutually exclusive. However, it appears in practice that organisations use impression management to provide a more favourable perspective of the organisation than is warranted, and that corporate S&ER is used to legitimise organisational activities and manage stakeholder relationships.

Legitimacy theory and stakeholder theory are the most commonly cited theories in the S&ER literature, and it has been suggested that the theories are complementary, rather than opposed, and that it is the different perspectives from which they are viewed that may provide the greatest

insights. Due to the synergies between the theories a Nexus of Theories was proposed. The Nexus of Theories is based upon the notion that legitimacy theory, stakeholder theory and impression management operate as a connected group, and suggests that the theories provide the greatest insights when viewed as being interrelated and existing co-dependently in a socially constructed and constructing world.

There are clearly advantages that flow to the organisation if they are able to construct an environment in which they are perceived favourably by society, thus leading to suggestions that there is a 'business case' for S&ER. The 'business case' is closely aligned with successful stakeholder management, legitimation, and impression management strategies. However, the business case falls far short of accountability, and whilst organisational claims of social and environmental responsibility proliferate, we continue to witness evidence of irresponsible corporate social and environmental activities. Therefore a number of questions may be raised with respect to organisational S&ER and S&EAA, which are explored further in the following chapter.

Chapter 5 – Development of Research Question and Propositions

5.1 Introduction

The purpose of this chapter is to identify the key features from the literature, which will provide a basis for the development of the research questions and propositions posed in the study. The terms S&EA, S&ER and S&EAA were defined in Chapter 2, together with a discussion on the relationships between the terms. A normative model accompanied by a review of practice was provided in Chapter 3, before an integrated theoretical framework was provided in Chapter 4. This chapter will thread the concepts together and tease out areas of research interest. A synthesis of the literature reviewed in Chapters 2-4 is provided is Section 5.2 below, followed by a discussion regarding how the outcomes of the literature review contribute to the development of the research questions and propositions in Section 5.3. A brief summary is provided in Section 5.4.

5.2 Synthesis of Literature

The structure of the literature review provided in this thesis reflects the intuitive research process undertaken. In order to explore organisational S&EA and S&ER practices with respect to the potential discharge of S&EAA, an in-depth examination of how the terms are defined, and the relationships between the terms was first required. The analysis of the definitions and relationships between accounting, accountability, social and environmental accounting and social and environmental reporting in Chapter 2 revealed that whilst organisations may engage in accounting without discharging accountability, they cannot discharge accountability without first undertaking accounting. Furthermore, whilst communication is an essential aspect of accounting, accountability and social and environmental accountability, organisations may also engage in stakeholder communication without first engaging in the practice of accounting, and without any desire to discharge accountability. Therefore, three possible alternatives regarding social and environmental accounting and social and environmental reporting are proposed: (1) S&EA; (2) S&ER; and (3) S&EAA.

This then led to the consideration of the steps that must be undertaken in order to discharge S&EAA, and a review of whether those steps appear to be undertaken in practice. In the absence

of extensive regulation regarding S&ER, a number of models of the S&ER process have been developed in the academic literature. One such model was considered in Chapter 3, where it was adapted to incorporate all of the steps required to discharge S&EAA. The first step in the normative model requires the organisation to undertake S&EA, which may be facilitated by the use of integrated S&EMSs. The second step in the normative model requires the organisation to then undertake S&ER. However, this must be due to the recognition of a responsibility. Therefore, Step 3 of the normative model requires active engagement with stakeholders in the reporting process, in order to determine for what, and to whom, the organisation is to be held responsible. In order to ensure that the information reported is reliable and complete, Step 4 of the normative model requires the provision of assurance for S&ER and Step 5 the active engagement of stakeholders in the assurance process.

It is argued that in order to discharge S&EAA all steps of the model should be taken in sequence, yet that rarely appears to be undertaken in practice. In the apparent absence of an accountability motive for S&ER, several theories provide insights into organisational motives for S&ER. Organisations operate in complex social systems, and it has been suggested that a single theoretical lens through which to examine organisational S&EA and S&ER practices is insufficient. Therefore, an integrated theoretical framework based upon the stakeholder theory, legitimacy theory, impression management and social constructionist literature is proposed in Chapter 4. This Nexus of Theories suggests that legitimacy theory, stakeholder theory and impression management operate as a connected group, and that the theories are interrelated. The underlying assumption is that no study of organisational behaviour can be successfully undertaken without consideration of the socially constructed nature of reality.

The Nexus of Theories provides an explanatory framework on the micro, meso and macro levels, and suggests that organisations use impression management in voluntary communication to construct the perception of social and environmental responsibility, in order to legitimise their operations and manage stakeholder relationships. However, there is a lack of clarity regarding organisational S&ER practices and motivations, thus providing the foundation for the research questions and propositions posed in the present study. The development of these questions and propositions is provided in the following section.

5.3 Development of Research Questions and Propositions

As discussed in Chapter 2, organisations may engage in either S&EA or S&ER, neither of which, when conducted in isolation, discharge S&EAA. It is only when organisations engage in both S&EA and S&ER due to the *recognition of a responsibility* to a broader group of stakeholders, that S&EAA is discharged. Furthermore, Gray (2000: 248) states that "an environmental or social report might be thought of as seeking to satisfy *either* the intentions of management *or* the demands of accountability" and that "most reports tend to contain elements of both objectives". Therefore the discharge of S&EAA may be only one of a number of reasons why organisations engage in S&EA and S&ER, and organisations may be motivated by several different reasons simultaneously.

Knowledge regarding corporate motives to participate in S&EA and S&ER is important for a number of reasons. It can assist academics in predicting when organisations may choose to engage in such activities and in explaining the varying implementation approaches used, and is essential to increase accountability and the number of organisations reporting, to improve the quantity, quality and completeness of the information reported, and to contribute to the ongoing debate regarding the potential role of legislation (Adams, 2002). An understanding of corporate motives may assist managers, academics, stakeholders and policy makers "develop more effective strategies" for persuading organisations to engage in socially and environmentally responsible behaviour (Brønn & Vidaver-Cohen, 2008: 92). It is also important to understand what motivates individuals within those organisations, as they help create organisational culture and are one of the many drivers of organisational change.

However, the majority of prior research with respect to organisational motivations has examined external factors influencing S&ER practices and/or the content of the reports (e.g. Raar, 2007; Cuganesan & Khan, 2008; Guthrie et al., 2008), and many of those studies examining internal organisational factors have not been conducted in direct consultation with the report preparers (exceptions include Wilmshurst & Frost, 2000; Adams, 2002; & O'Donovan, 2002). This has resulted in many of the findings being highly speculative. Therefore, the first research question asks:

RQ1: Do certain organisational choices about measurement and reporting of social and environmental information appear to reflect an organisational desire to discharge S&EAA?

This question will be addressed by comparing organisational S&ER practices with those outlined in the normative model developed and adapted from Park and Brorson's (2005) research as described in Chapter 3. Should each of the steps required in the normative model be undertaken consecutively in practice, it would indicate that S&EAA has been discharged. If the steps are not undertaken in sequence, it may indicate that the organisations are merely attempting to manage stakeholder relationships and legitimise their activities by creating the impression that the organisation is socially and environmentally responsible[5]. This would be consistent with the criticisms in the extant literature that organisational social and environmental reports are simply exercises in impression management. With respect to disclosure strategies, a number of impression strategies may be utilised such as graph manipulation, the inclusion of pictures and photographs (Beattie & Jones, 2002(a)), and solely narrative disclosures (Davison, 2008). However, as noted in Chapter 4, the concepts of impression management and accountability are not mutually exclusive. Therefore, following on from RQ1 the second research question asks:

RQ2: Do those organisational choices result in a difference in the use of disclosure strategies in S&ER?

As noted in Chapter 3, there is a great deal of literature regarding the types of social and environmental disclosures made by organisations (e.g. Deegan et al., 2000; Gibson & O'Donovan, 2007; Raar, 2007; Cuganesan & Khan, 2008). However relatively little is known about how the information is prepared, and by whom. Organisations have been criticised for using impression management strategies in S&ER to manage stakeholder relationships and legitimise their activities, yet many impression management strategies may be determined by external design consultants employed by the organisation, rather than by the organisation itself, and designers may have differing views to management regarding the purpose of corporate reporting (Tom, 1994; McQueen, 2001; Harrison, 2003).

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[5] It may also indicate that the organisation is unaware of the steps required to discharge S&EAA. However, these steps are well-established best practice and it is reasonable to assume that an organisation wishing to discharge S&EAA would familiarise itself with the best way of doing so.

Specialist external S&ER consultants may also be employed for the purposes of data collection and reporting, in addition to those employed for design services. Whilst little is known about the extent of involvement of external design consultants, even less is known about the involvement of the specialist S&ER consultants employed to assist organisations with the preparations of the social and environmental reports. However, it is assumed that, as experts in their field, specialised consultants would increase the quality of the reports to which they contributed. The provision of assurance is also used to increase the perceived quality of the reports. However, S&ER assurance has been criticised for failing to provide adequate levels of assurance, and there is debate surrounding whether accountants, or consultants, are best placed to provide assurance. Therefore, the following propositions have been developed to help address RQ2:

P1: Incidences of impression management will increase when a professional designer is used.

P2: Incidences of impression management will decrease where there is external assurance provided.

P3: Incidences of impression management will decrease where there is an S&ER specialist consultant involved in data collection/compilation.

P4: The use of impression management will differ according to whether an accountant or consultant assurance provider is used.

The use of design elements such as graphs, pictures and photographs comprise a considerable portion of external social and environmental reports (Breitbarth, Harris & Insch, 2010; Jones, 2011; Borkowski, Welsh & Wentzel, 2012). However, little else is known about their use in S&ER. Whilst the use of impression management and the discharge of S&EAA are not necessarily mutually exclusive, the literature suggests that the use of images and improperly presented graphs may be used in S&ER to construct perceptions of accountability, rather than discharge S&EAA (Jones, 2011; Hrasky, 2012(b)). Graphs and visual imagery may enhance communication, or may be used to obscure information by drawing the reader's attention to specific areas (Davison, 2002). Furthermore, the use of images and other design features has been found to be associated with factors relating to the economic environment such as

profitability (McKinstry, 1996). Clearly the influence of design and designers in S&ER is an important issue when considering the use of organisational impression management strategies, yet it has received comparatively little attention in the literature. The use of external consultants specialising in S&ER may also influence the way in which organisations portray themselves to society. A greater understanding of the role of design and designers and other external consultants in S&ER is needed, in addition to how the use of design elements such as pictures, graphs and photographs are determined. Therefore, the final research questions explore:

RQ3: To what extent are external consultants involved in the S&ER process? And;

RQ4: How do those consultants influence S&ER practices?

Answers to these questions should provide valuable insights into the S&ER process, in addition to providing a more holistic perspective of S&ER practices. As noted previously, little is known about the role of specialist reporting consultants in S&ER, thus providing fertile ground for exploratory questions of this nature. Criticisms that organisations utilise impression management strategies such as images and photographs to create perceptions of social and environmental responsibility may be less potent if such decisions are "in the hands of the designers of the report" (Rämö, 2011: 377), particularly if those strategies are used subconsciously (Davison, 2002). Conversely, such strategies may in fact enhance the communicative power of the message (Davison, 2002), and arguably professional designers are best informed regarding how this may be done. Therefore, the role external consultants may or may not play in the discharge of organisational S&EAA is uncertain, yet is an important issue that these questions will contribute to addressing.

5.4 Summary

The purpose of this chapter was to synthesise the literature reviewed in this thesis, as a basis for the development of the research questions and propositions. The foundations of the requirements of S&EAA were provided in Chapter 2, and a normative model of the steps required to discharge S&EAA provided in Chapter 3. The review of the literature examining S&ER practices suggests that the steps of the normative model are rarely undertaken in practice, leading to a review of the theories developed to explain voluntary S&ER in the absence of an accountability motive. The Nexus of Theories provided in Chapter 4 suggests that organisations may be motivated by

several reasons simultaneously, but that they exhibit a tendency to use impression management strategies to legitimise their activities and manage stakeholder relationships. Upon the basis of this review of the literature several exploratory research questions and propositions were developed.

The first research question is concerned with the motivations for reporting, whilst the second is concerned with how those motivations might influence disclosure practices. When considering disclosure practices several propositions have been developed based upon the literature reviewed regarding the employment of external consultants, including assurors, and the associated use of impression management. The involvement and influence of external consultants is explored further in research questions three and four. The exploratory nature of these questions gives rise to the need for interview data, which has been much called-upon in the S&ER literature (e.g. Belal, 2002; Yusoff et al., 2006; Jones & Solomon, 2010). The following chapter details the research methods and methodology used in the present study, including that of the conduct of interviews and associated data analysis.

Chapter 6 - Research Method

6.1 Introduction

The purpose of this chapter is to detail the research design and methodology used to address the research questions and propositions developed in Chapter 5. The research questions and propositions seek to explore whether organisations are engaging in S&ER for the purpose of discharging S&EAA, the factors that distinguish those organisations that appear to be reporting for accountability purposes from those that do not, the associated use of multi-modal impression management strategies in corporate S&ER, and the role external designers and consultants play in preparing social and environmental reports.

The exploratory nature of the research suggests that a field study involving a small number of cases and multiple data sources is appropriate and this is discussed further in Section 6.2. The first stage of the data collection, interviews with organisational representatives, is discussed in Section 6.3 including the sample selection, development of the interview protocol and data collection, and the data analysis method chosen. The second stage of the research, archival content analysis of secondary data, is discussed in Section 6.4 where the classification of content and units of analysis are detailed. The third and fourth stages of the research, interviews with external consultants and analysis of the corporate websites are discussed in Sections 6.5 and 6.6, respectively. The constraints and limitations of the research methods are briefly discussed in Section 6.7, before a summary is provided in Section 6.8.

6.2 Research Design

The first research question posed in Chapter 5 asks whether certain organisational choices regarding the measurement and reporting of social and environmental information appear to be reflective of a desire to discharge S&EAA. If organisations do not appear to be reporting for the purposes of discharging S&EAA, it may be that they are using impression management strategies to create the perception of social and environmental responsibility. Following on from this, the second research question asks whether those choices result in a difference in the use of disclosure strategies in their social and environmental reporting. Organisations have been criticised for using impression management in S&ER, however little is known about the role

external designers and consultants play in the preparation of social and environmental reports. As such, the third and fourth research questions address the extent to which external consultants are involved in the S&ER process and the way in which they influence S&ER practices. This research is exploratory in nature and to answer these questions it is argued that a field study involving a small number of cases, using both within-methods triangulation and between-methods triangulation, is the optimal research method.

Field studies are considered to be appropriate when the research questions involve learning about and understanding how people do things in the social world in relation to problems that are yet to be well formulated, rather than determining the relationships between dependent and independent variables (Baker, 1999; Smith, 2003; Neuman, 2007). The purpose of qualitative research such as this is to understand social action and construct meaning from social environments (Baker, 1999). As noted in Chapter 4, no study of organisational behaviour can be successfully undertaken without consideration of the socially constructed nature of reality, and it has been suggested that qualitative research is the "only true way to study human behavior and society unimpeded by the artificial techniques that characterize other methods" (Baker, 1999: 263), and that "there is no such thing as dependent and independent variables in the real world" (Merchant, cited in Smith, 2003: 136). Therefore case studies are considered to be the most appropriate method for conducting this exploratory research into organisational behaviour in the social world.

Data collected will include interview data and field notes, archival content analysis of secondary data, and analysis of the design and usability of web-based reporting. The combination of results from different data sources such as interviews and archival data provides the basis for between-methods triangulation (Smith, 2003). The interview data will be collected in two stages; the first being from semi-structured interviews with representatives from ASX listed corporations engaging in S&ER, and the second with external consultants assisting those organisations with the preparation of their social and environmental reports. The use of different sources for a common research method facilitates within-methods triangulation (Smith, 2003). The purpose of the case studies is to provide exploratory qualitative data rather than statistical generalisations, reducing the need for concerns about internal validity (Hoyle, Harris & Judd, 2001; Smith,

2003). In fact, it may be argued that qualitative research has greater validity than quantitative research because it remains closer to the true meaning of social existence (Baker, 1999).

Multiple data sources are used not only for the purposes of triangulation, but also to broaden the study and enrich the exploratory nature of the research, to develop a sequential research design, and to search for contradictory, convergent and complimentary results (Yin, 1994; Baker, 1999; Smith, 2003). Therefore the data collection will be conducted in four stages; the first being interviews with corporate representatives, the second being content analysis of social and environmental disclosures, the third being interviews with external consultants, and the fourth being analysis of the design and usability of web-based S&ER. The results and insights gained from each stage of the analysis will provide the foundation for the next, and upon completion provide a much needed holistic perspective of the S&ER process. The following sections detail the methods and methodology used in each stage of the research, which are discussed in the order in which they were conducted in the field of S&ER in listed Australian organisations.

6.3 Stage 1 – Interviews with Organisational Representatives

As stated in Chapter 5, in order to address the first research question: "do certain organisational choices regarding the measurement and reporting of social and environmental information appear to be reflective of a desire to discharge S&EAA", organisational S&ER practices will be compared with those outlined in the normative S&ER model provided in Chapter 3. Many of the steps required in the normative model are based on internal management practices, which the extant S&ER literature demonstrates are not well understood by examining external organisational reports and performance.

Furthermore, the discharge of S&EAA requires the *acknowledgement of a responsibility* to a broader group of stakeholders than simply those with an economic interest in the organisation, as discussed in detail in Chapter 2. The lack of reliability of self-reported motives in publications such as social and environmental reports makes this an inherently difficult requirement to judge, without actually speaking to those who might be expected to acknowledge responsibility.

Therefore, it is argued that semi-structured interviews with internal organisational representatives provide the best method for exploring internal organisational social and environmental management and reporting practices, and motivations for engaging in such

activities. Whilst there has been much discussion and analysis in the literature regarding organisations' decisions to communicate their environmental performance to stakeholders, the majority of studies have been conducted without direct consultation with the preparers themselves. Furthermore, those studies that do utilise interviews with report preparers have tended to focus on organisations in developing countries (e.g. Mitchell & Hill, 2009; Amran & Haniffa, 2010).

The interviews seek to gather information regarding whether organisations are engaging in S&ER in accordance with the steps outlined in the normative model, and the motivations for undertaking S&ER. In response to suggestions that S&ER may simply be an exercise in impression management, despite a lack of clarity in the literature regarding how the use of reporting techniques susceptible to impression management are determined, an understanding of the role of design and designers in the S&ER process is also sought. This may provide some valuable insights regarding the purpose of the reports, and whether they are indicative of genuine efforts to discharge accountability, or are merely an attempt to create the impression that the organisation is socially and environmentally responsible. The interviews also provide some guidance regarding specific criteria to consider (or disregard) in the content analysis stage of the research, in addition to providing an explanatory framework within which to consider the results.

6.3.1 Sample Selection

Participants were selected using convenience sampling from those organisations listed in the ASX Top 200 as at 11 July 2011 whose head offices were domiciled in Melbourne and Sydney (and surrounding suburbs), and report upon their social and environmental performance. Of the 200 ASX listed companies 106 were domiciled in Melbourne or Sydney. In order to obtain the contact details for potential interviewees, each of those companies' website addresses was obtained though the DatAnalysis online database, and where available, the company's most recent social and environmental report was obtained from the company website. If the report was not available on the website, a cross-check was done via the Corporate Register website. DatAnalysis is a researching tool that provides a current and historical view of ASX listed companies that is updated daily (Morningstar, 2013), and CorporateRegister.com is a global directory of CSR resources which provides a database of current and historical social and

environmental reports provided by an estimated 90% of reporting organisations worldwide (CorporateRegister.com, 2013).

Of the 106 organisations sampled, 84 provided some form of report upon their social and environmental performance. A search for the terms "feedback" and "contact" was conducted in each of the social and environmental reports to obtain contact details for potential interviewees (this search was also conducted where a social and environmental section was provided in the annual report, but yielded zero results). Where a separate social and environmental report was not found through either the company website or Corporate Register, the web pages addressing social and environmental information (where provided) were reviewed to determine whether a specific contact person was noted. Where neither contact details nor reports were provided the "Contact Us" page of the website was checked to see if a specific contact for investor relations/environment/sustainability was provided. These searches revealed 29 potential interviewees. All of those were contacted, and ten agreed to participate. This resulted in a participation rate of almost 35% (34.48%), which, whilst not relevant for external validity (as the sample is not intended to be representative), demonstrates the effectiveness of the use of selective sampling for exploratory research purposes. In each case the participant was the individual who was directly responsible for the production of the social and environmental report.

The nature of the responses to the recruitment process is in itself enlightening. Of the 29 potential interviewees contacted 18 were simply generic email addresses rather than addresses for individual employees. Of those 18 only five agreed to participate, compared to the five acceptances from those remaining eleven organisations that provided contact details for specific individuals. In seven of the final ten cases the interviewee confirmed participation following the first invitation (four of the generic addresses and three individuals), and in the remainder follow-up emails were sent and telephone calls made where telephone numbers were provided. Of those followed up six declined formally whilst the remaining organisations failed to respond at all. It must be noted that the non-responses were comprised entirely of those organisations that provided only a generic contact email address, which is consistent with suggestions in the literature that individuals, when contacted directly, are more likely to respond to requests than organisations (Bédard & Gendron, 2004). This also provides support for the theoretical

proposition that the organisation is a social construct that is, despite its socially constructed treatment, in and of itself is unable to make decisions, it is the individuals that comprise that organisation that make decisions.

The final sample of ten organisations comprised a very diverse industry representation, which is expected to enrich the exploratory nature of the findings and potentially counteract some self-selection bias. The nine industry sectors represented include energy, banking, commercial services and supplies, telecommunication services, real estate, pharmaceuticals & biotechnology, transportation services, utilities, and materials. Despite being selected from a pool of the top 200 listed organisations as at July 2011, all but one of the participant organisations were listed in the top 50 at the same reporting date.

6.3.2 Development of Interview Protocol and Data Collection

As noted above, the purpose of the interviews is two-fold. The first is to address the first research question and determine whether organisational S&ER practices are consistent with the normative model to discharge S&EAA provided in Chapter 3. The second is to explore the choices made surrounding the use of reporting and design features susceptible to impression management. Therefore in order to address whether organisations are endeavouring to discharge S&EAA according to the normative model the interviews seek to gather information regarding whether organisations are engaging in S&EA, the preferred method of reporting, how the content is prepared and by whom, who the intended audience is, whether the organisations engage with those stakeholders, and the assurance process, where applicable.

In order to explore the choices made surrounding disclosure practices that may be susceptible to impression management, questions were also developed based upon the legitimation tactics that may be used to manage stakeholder relationships, and the priority given to various stakeholder groups. According to the role communication plays at the micro, meso and macro levels of the Nexus of Theories provided in Chapter 4 these questions address whether reports are prepared within the organisation, or by an external marketing or design company, how the layout design including the use of images and graphs is determined, and if the production of the entire report is outsourced, the nature of the brief given.

A semi-structured interview protocol was developed around the practical implications of the normative model and the theoretical implications of the proposed theoretical framework, which included questions regarding the interviewee's background in order to provide contextual information, specific questions about organisational processes and practices, and more general questions regarding the interviewee's views on topical issues such as the regulation of S&ER. A copy of the interview protocol is provided in Appendix B.

A pilot interview was conducted with a Certified Practicing Accountant unrelated to the study. The purpose of this pilot interview was predominantly to ensure that the questions were clear and unambiguous to someone outside the area of academic interest of the thesis, and that the structure of the interview was sensible. Some minor changes were made as a result of this pilot, such as slight changes to structure and wording. The pilot interviewee also made some useful suggestions about additional questions that could be asked with respect to signing off on the reports, and these suggestions were acted upon. Ethics approval was obtained for the conduct of the interviews, and all interviewees were assured anonymity.

The very nature of semi-structured interviews suggests that the questions may not be answered in the order that the interviewer anticipates. However, careful consideration was given to the structure of the questioning, and how to best engage the interviewee by building on previous questions. Flow charts of the interview questions were also prepared to guide the interviewer in an attempt to avoid frustrating the interviewee with superfluous questions. Several advantages were found with respect to using semi-structured interviews, and these benefits have been well documented in the literature (e.g. Marginson, 2004; Spence, 2007; Archel, Husillos & Spence, 2011). It allowed the flexibility to explore new topics and themes as they emerged, and facilitated the application of lessons learned in each interview to the subsequent interviews, which was particularly beneficial for a first time interviewer. Furthermore, it is only when we allow people to speak freely that we will know their true intentions and the real meaning of their words (Horton, Macve & Stuyven, 2004).

The first stage of the interviews was conducted during late September and early October 2011, and each of the interviews was one-on-one with the exception of Org F, which involved two organisational representatives and the interviewer. Nine of the interviews were conducted face-to-face whilst one was conducted via teleconference. Field notes were taken both during and

immediately after the interviews, the purpose of which was to record observations, intuitions, and both general and specific contextual information. The field notes play an important role in the data analysis by aiding scene-setting, and the exploration of both structural and contextual similarities and differences.

All of the interviews were digitally recorded and exact transcriptions prepared by an external party, before being checked for accuracy by the researcher. The use of recording in interviews has been debated, with some suggesting that interviewees are more candid when they are not being recorded (Hayes & Mattimoe, 2004). However, as the interviews progressed, this researcher's experience was that interviewees tended to become distracted by note-taking, and having the ability to listen back over the interviews in the data analysis stage was found to be invaluable, particularly for contextualisation purposes. The data analysis method used is detailed in the following section.

6.3.3 Interview Data Analysis

The data analysis method used is consistent with that used and described in detail by O'Dwyer in his 2004 article "Qualitative Data Analysis: Illuminating a Process for Transforming a 'Messy' but 'Attractive' 'Nuisance'". Qualitative data analysis has been described as an 'attractive nuisance', because of the attractiveness of its richness but the difficulty of finding analytic paths through that richness (Miles, 1979; O'Dwyer, 2004).

The interviews ranged from 30-90 minutes each, and yielded in total approximately 170 pages of transcription. In order to transform this data set into a logical and enlightening narrative O'Dwyer (2004) outlined three distinct but overlapping phases of analysis including data reduction, data display and data interpretation.

Data reduction involves interacting with the various analysis tools used in the data collection stage such as interview notes, transcripts and contextual information in order to identify key themes and patterns, and preparing interview summaries (O'Dwyer, 2004). During this stage the transcripts were carefully read whilst listening to the recordings and making notes. The transcripts were then sent to the interviewees for verification and follow-up questions were asked. The interviewees' responses to the follow-up questions, together with the field and other notes, were then included in the data coded, and the notes from various stages were colour-coded

for ease of differentiation. Following a second reading of the transcripts the summaries were written, which included the best story and best quote to come out of each interview.

Data display then involves visually displaying the reduced data through detailed matrices encompassing the key themes and patterns. It is during this stage that 'open' code matrices are prepared, those 'open' codes collapsed into 'core' codes and the 'open' code matrices then reformulated according to the 'core' codes. Data interpretation involves five steps, including a 'detailed 'analysis tools' review', a 'big picture outline', 'formulating a thick description', 'contextualising the thick description' and 'employing the analytical lens' (O'Dwyer, 2004).

The 'detailed 'analysis tools' review' involves conducting a detailed examination of the matrices, revisiting the transcripts, preparing second interview summaries and comparing them to the first to determine any new insights that may have emerged, updating and reviewing notes and questioning whether the evidence could be organised differently. The 'big picture outline' involves creating a 'big picture' story outline of the interviews in thematic form, collating the outlying perspectives and using them to challenge the 'big picture' story, and reviewing the matrices, summaries, notes, contextual information and transcript quotations. 'Formulating the thick description' involves writing an initial 'thick' description of the findings using the 'big picture' story outline whilst embracing complexity, revisiting the transcripts and other evidence as necessary, selecting illustrative quotes, and searching for alternative explanations and ideas. 'Contextualising the 'thick' description' requires consideration of the contextual information, whether the richness of the data has been fully exposed, and whether detachment from the data has been avoided. Finally, 'employing the analytical lens' involves interpreting the descriptive evidence using the analytical themes and constructing a narrative using an iterative process. In this stage the researcher should avoid selectivity by highlighting preconceptions and contradictions, and be open to creativity in writing (O'Dwyer, 2004).

All coding and sorting was done manually rather than through the use of computer aided qualitative data analysis software (CAQDAS) as it allows for better reflection upon, and recalling the content of the interviews (Anderson-Gough, 2004). As articulated by Seidal (1998: 14) "[t]he answers we look for are not in the codes, but in ourselves and our data", and this quote was continually reflected upon throughout the coding, which was a systematic and structured, yet also an iterative, intuitive and all-in-all rather enjoyable process. A personal reflection is that

accountants, due to their particular training and inclinations, may be particularly suited to this type of qualitative research that requires the classification and interrogation of information.

The codes were derived from the literature, notes taken both in the field and during analysis, and intuitively from the transcripts themselves as themes and patterns emerged. Miles and Huberman (1994) provide three types of codes used in qualitative data analysis: descriptive codes, interpretive codes and pattern codes. Examples of descriptive codes used in the present study include COM-INT (communicating internally) and COM-EXT (communicating externally). COM-EXT was later expanded to COM-EXT-STK (communicating externally to stakeholders), COM-EXT-INV (communicating externally to investors), and other specific stakeholders. Interpretive codes were drawn from the prior literature and examples include ENLSI (enlightened self-interest) and INSTPRES (institutional pressure). Finally, pattern codes were applied to all coded data to sort them into the steps of the normative model provided in Chapter 3, with the additional classifications of MOT (motivations) and CONTEXT (contextual information).

Following the analysis of the data regarding the internal organisational choices made in the S&ER process, the second stage of the research involved exploring whether those choices result in a difference in their use of disclosure strategies in their external S&ER. This required archival content analysis of secondary data, which is discussed in the following section.

6.4 Stage 2 - Archival Content Analysis of Secondary Data

In order to address the second research question, the second stage of the research involved content analysis of paper-based reports of those organisations interviewed to determine whether certain organisational choices regarding the measurement and reporting of social and environmental information result in a difference in the use of disclosure strategies. In order to address the propositions developed to aid the exploration of the second research question, the content analysis explored the use of multi-modal impression management tactics such as the use of pictures and photographs, improperly presented graphs, and solely narrative disclosures.

The most recent social and environmental reports available following the interviews were analysed. Whilst the study includes ten cases, one of the organisations interviewed had only recently received approval to begin external S&ER, and at the time of the analysis had yet to

produce a hard-copy report, resulting in the analysis of nine reports for year ending 2011. Consistent with the research design, insights gained in the interview process suggested that it might also be beneficial to analyse the reports published immediately prior to the interviewee taking on the reporting role in the organisation. This resulted in the analysis of an additional nine reports ranging in publication date from 2002-2010. The total eighteen reports ranged in name and included both stand-alone reports and S&ER within annual reports and reviews. Where both full report and summary reports were available, the full report was examined.

Content analysis is the most commonly used method when examining corporate S&ER practices (Milne & Adler, 1999; Guthrie & Abeysekera, 2006), and is a method of data collection that involves coding qualitative and quantitative information into pre-defined categories for the purpose of deriving patterns in the way information is reported and presented (Guthrie & Abeysekera, 2006). The way in which the content was coded and classified is discussed in the following section.

6.4.1 Classification of Content

Based upon the literature reviewed in Chapters 3 and 4, content was coded as being either 'informative' or 'potentially misleading' according to the type of disclosure. Informative information was deemed to include properly presented graphs and quantitative data accompanied by explanatory qualitative disclosures. This is due to the assumption that quantitative and accompanying qualitative disclosures are more reliable, comparable and verifiable than solely qualitative disclosures (Hasseldine et al., 2005; Perrini, 2006; Ballou et al., 2006), and are more indicative that S&EA is occurring.

Quantitative data refers to any data disclosed in numerical form, and includes both financial and non-financial data. The data may be disclosed in the form of a chart, table, or properly presented graph (according to the principles set out in Appendix C), and include ratios and ratings as well as measurements of outputs, impacts and targets. For the purposes of this study, explanatory qualitative disclosures are deemed to include definitions, methods of measurement, consequences and implications, and contextualisation of the quantitative data. Put simply, the qualitative data are deemed to be 'explanatory' if the quantitative data does not make sense without it. However, explanatory qualitative information not immediately preceding or following

the quantitative data is not classified as being quantitative related, as it is not considered to be 'accompanying'. Headings are classified as being quantitative related when they are deemed to have some explanatory value.

Content was classified as being potentially misleading if it was comprised of improperly presented graphs, or solely qualitative or quantitative information. Narrative disclosures have been shown to include impression management strategies such as entitlements, enhancements, denials of causality, excuses, and justifications, and whilst an examination of whether disclosures fall into one or more of these categories is beyond the purposes of this study, their susceptibility to impression management is such that they must be treated as potentially misleading. Furthermore, whilst quantitative data are considered to be an informative form of disclosure, the provision of solely quantitative data, without explanatory qualitative information, may be evidence of attempts at obfuscation, and thus it is also categorised as potentially misleading. The use of improperly presented graphs may be the result of ignorance of correct graphical presentation techniques rather than a deliberate attempt to mislead users, however they must still be treated as potentially misleading.

The use of images and photographs were classified as being informative or potentially misleading according to the context in which they were presented. Whilst evidence suggests that impression management strategies such as improperly presented graphs may mislead users, other impression management strategies such as the use of photographs may actually enhance the communicative power of the report. Therefore images and photographs were classified as being informative if they directly related to quantitative data accompanied by explanatory qualitative disclosures. All other images and photographs were classified as being potentially misleading.

Upon being coded as either 'informative' or 'potentially misleading', the images and photographs were further categorised as being 'environmental'; 'economic'; 'social'; 'non-specific' (Hrasky, 2012(b)); or 'dream world' (Breitbarth et al., 2010). Additional categories were added for 'diagrams', 'maps', 'symbols', 'signatures' and 'logos', as these were deemed to have more communicative power than can be classified as being 'non-specific', particularly with respect to 'symbols' and 'logos' (Harrison, 2003). Images depicting activities such as recycling, tree planting and renewable energy production were classified as 'environmental'. 'Economic' images included production assets, production processes, and outputs. Images of employees,

community interaction, other stakeholder groups, and health and safety issues were classified as 'social' (Hrasky, 2012(b)), which were then further classified as falling under the categories of 'people'; 'leadership'; or 'day-to-day business' (Breitbarth et al., 2010). 'People' images included 'authentic' photographs depicting smiling faces making eye contact with the reader, whilst 'leadership' images were staged, highly professional photographs featuring symbols of power. Images classified as 'day-to-day business' showed people in their natural context and environment and revolved around the product or service offering, often combined with customer interaction. 'Non-specific' images included general naturalistic images such as fields and flowers, and more ambiguous images of people and places (Hrasky, 2012(b)), whilst the 'dream world' category included manipulated images with soft colours and gradients without any close-ups or profiles of people (Breitbarth et al., 2010).

As noted above, graphs were classified as being either properly presented or potentially misleading. Experimental evidence suggests that measurement distortion in excess of 10% can mislead users (Beattie & Jones, 2002(a)), therefore this was the minimum threshold of measurement distortion for graphs to be classified as potentially misleading. However, upon commencement of the data analysis it became apparent that this criterion was inappropriate, as it requires knowledge of the underlying values the graph is intended to represent, and many of the graphs presented in the reports analysed did not include specific numerical values on the scales. Therefore, the guidelines for graphical displays provided by Hill and Milner (2003) were adopted, which are provided in Appendix C. While these guidelines have been much cited in the literature (e.g. Burgess, Dilla, Steinbart & Shank, 2008; Milner & Hill, 2008; Wills, 2008; Uyar, 2011; Hrasky, 2012(b)), no guidance can be found regarding how to apply the guidelines in determining whether a graph is 'properly' presented. Therefore the checklist was applied to each of the graphs in the reports, and if the graphs contained fifty percent or more features of improperly presented graphs they were classified as being 'potentially misleading'.

The use of white space was considered to be problematic. White space surrounding a comment may be an intentional impression management tactic to draw the reader's attention and to make the comment appear important. Similarly, burying a statement within dense amounts of text obscures the information, and may also be indicative of impression management. However, the use of white space may also simply be due to general formatting of the page layout. Therefore,

while it is acknowledged that the use (or absence) of white space may be for impression management purposes, it may also be used to enhance the readability of the document. Therefore whilst the presence of white space and other design features such as underlining were coded, they were not classified as being either 'informative' or 'potentially misleading'.

6.4.2 Units of Analysis

The units of analysis were measured as a proportion of the number of pages. Whilst the use of sentences as the unit of analysis is considered to be the preferred method when the purpose of the research is to infer meaning (Guthrie & Abeysekera, 2006), the purpose of this analysis is not to infer meaning but to determine the extent of the use of different disclosure strategies. Therefore, consistent with Gibson and O'Donovan (2007), the unit of analysis was measured as a proportion of the number of pages. This method provides the benefit of controlling for differences regarding sentence structure, grammatical expression and font size, and allows for the inclusion of graphs, charts and tables (Gibson & O'Donovan, 2007), as well as images and photographs.

The proportion of pages was measured using a 20 by 29 cm grid placed over the page. Measurements were taken from the edges of the text, picture or table, or in the case of graphs, from the headings to keys. Content was measured to the nearest 0.5^{th} of a square centimetre, and in cases where rounding was required it was done upwards to ensure consistency, and allow for a reasonable amount of white space aiding readability. The total proportion of pages for each classification was calculated as a percentage of the total pages of the report.

After gaining some understanding of the different disclosure strategies used in S&ER, the subsequent stage of the research involved interviews with external consultants specialising in the preparation and design of social and environmental reports. The second round of interviews, conducted in the third stage of the research, sought to provide a broader understanding of how choices regarding disclosure strategies in S&ER are made, and the extent of involvement of external consultants regarding how organisations are presented in such reports. The following section outlines the methodology used in the third stage of the research.

6.5 Stage 3 – Interviews with External Consultants

The second stage of the interviews, which took place in late October/early November 2012, involved interviews with representatives from some of the design and consultancy firms employed to assist the organisations interviewed in stage one with the preparation of their social and environmental reports. The purpose of these interviews was to facilitate the triangulation of data from the first two stages of the study, provide a balanced perspective to the first stage interviews and address research questions three and four by garnering greater insights into the design choices that are made, including the use of images such as graphs, pictures and photographs, and the general presentation of the report.

6.5.1 Sample Selection

Of the ten organisations interviewed in stage one of the study, six employed the services of external design or consulting firms to assist with the preparation of their social and environmental reports, with the remaining four preparing their reports internally. The same design firm was used by three of the organisations, resulting in a total of four potential interviewees. Given the participation rate of the first stage interviews, and expecting a similar result for this stage it was deemed necessary to expand the pool of potential interviewees. In order to do this a list of the 2011 Association of Certified Chartered Accountants (ACCA) Australia Sustainability Reporting Award winners, and those shortlisted for awards was obtained, and a list of the designers involved in the preparation of those award-winning reports was compiled. Most of the designers employed by the organisations interviewed in stage one were also on this list, suggesting that their level of skill and experience may be comparable.

A total of six potential interviewees were contacted: the four design and consultant firms employed by the reporting organisations interviewed, one designer involved in the preparation of an ACCA Australia Sustainability Reporting Award winning report, and one designer involved in the preparation of a shortlisted report. The award winning and shortlisted designers were selected on the basis that they were the only ones not involved in the preparation of the social and environmental reports of the organisations represented in the first stage of the research. Of the six consulting firms contacted, three agreed to participate. The participants included one external S&ER consultant employed by one of the organisations represented in the first stage of

the interviews, two designers from one of the external design firms employed by one of the organisations interviewed in stage one of the study, who were interviewed at the same time, and the Head of Strategy from the design firm involved in the preparation of an award winning report. This was a pleasing outcome, particularly in such an under-explored area of research interest. The participants were from very diverse backgrounds, thus providing a rich data set encompassing different perspectives. The consultant was able to provide insights on data compilation, whilst the designers employed by the stage one interviewee were able to provide information directly relevant to findings from that earlier stage of the research. However, these designers were from a small firm with limited experience in assisting other organisations with their S&ER. The second design firm was a large, well-established organisation with a number of high-profile clients operating in similar industries to those organisations interviewed in stage one. The interviewee did not have a background in design; however, in her role as Head of Strategy she had knowledge regarding all of their clients in all divisions of the business, and was thus able to provide a broader overarching perspective. Whilst these differences were expected to enrich the exploratory nature of the findings, they also resulted in the need for additional care to be taken with the development of the interview protocol, which is discussed in the following section.

6.5.2 Development of Interview Protocol and Data Analysis Method

The interview protocol developed for the stage one interviews was adapted to be suitable for use in interviews with the external designers and consultant. Many of the questions remained the same, but changes were made to the order in which they were asked to reflect their differing degrees of importance in the context of the different focus of the second stage interviews. Additional questions were also asked to capitalise on the specialised knowledge of the interviewees. Each of the firms interviewed in the second stage provided slightly different services, so the interview protocols were adapted accordingly. The first design firm interviewed did not assist with the preparation of content, so all questions in relation to this area were removed from the protocol. The second design firm interviewed also provided copywriting services to clients, so some questions regarding content preparation, though not those relating to data collection, were allowed to remain in the protocol for this interview. The consultant interviewed provided data collection and report writing services, however did not contribute in

any way to design. Therefore, questions relating to design were removed from the protocol. As with the stage one interviews, flow charts for the interviews were prepared and notes were taken both during and immediately following the interviews. The data analysis method used was consistent with that used in the stage one interviews and described in Section 6.3.3 above.

The first stage of the research focused broadly on organisational choices in the S&ER process, while the second focused specifically on the disclosure strategies used in hard copy reports. The third stage of the research also focused on hard-copy reports, as the consultants interviewed had little involvement with web-based reporting. However, as discussed in Chapter 3, organisations should use different communication channels to make S&ER as accessible to as broad a range of stakeholders as possible. Furthermore, the internet offers features not available in traditional print media, such as multi-media and interactivity. Therefore, this important communication channel must not be omitted from the analysis. The final stage of the research involves analysis of S&ER on the internet, and is discussed in the following section.

6.6 Stage 4 – Analysis of Web-Based Disclosures

The final stage of the research involved analysis of the design and usability of the reporting organisations' websites. As noted previously websites may be frequently updated, therefore the analysis took place on a single day in June 2013 in order to enhance validity. As discussed in Chapter 3, in order to discharge S&EAA, organisations should provide social and environmental information in a variety of formats in order to reach a broad range of stakeholders, and organisations should engage with stakeholders in order to determine what it is that they are to be held responsible for. The internet provides stakeholders with the ability to proactively seek and obtain information, and facilitates the use of features not available in hard-copy reporting, such as interactivity, customisation and multi-media (Palmer, 2002). Perhaps most importantly, the internet allows organisations and stakeholders to engage in real-time dialogue in dispersed geographic regions, simultaneously.

Several authors have discussed the limitations of examining only one form of disclosure and have identified the internet as the future medium for S&ER (e.g. Esrock & Leichty, 2000; Adams, 2002; Hedberg & von Malmborg, 2003), while others have called for future S&ER research to also include the accessibility of web-based reporting (Adams & Frost, 2006). There is

evidence to suggest that Australian organisations provide more social and environmental information on their websites than in other reporting mediums (Williams & Pei, 1999; Guthrie et al., 2008). However, there is also evidence to suggest that organisations do not take full advantage of the unique capabilities of the internet, and display a tendency to simply replicate the information available in hard-copy reports (Wheeler & Elkington, 2001; Palmer, 2002; Lodhia et al., 2004). Therefore, the purpose of this final stage of the study is not to compare the information available on the websites to the information available in the hard-copy reports analysed, but rather to examine whether the organisations interviewed are using well-designed websites to engage with their stakeholders and provide information that is accessible. This serves to enrich and triangulate the data and provides a form of control against the possibility that the organisations may be focusing their efforts on online communication with their diverse range of stakeholders, rather than on the relatively limited scope of hard copy reporting.

The data analysis methodology used has been adapted from the methodology used by Rodriguez Bolivar (2009) in his evaluation of corporate environmental reporting on the internet in Spain. Rodriguez Bolivar (2009) is one of the few to have examined both the content and usability of corporate websites, therefore only the methodology used to test the navigability, design, and accessibility of the websites has been adapted. Rodriguez Bolivar's (2009) original methodology is provided in Appendix D, and the adapted version used in this study shown in Table 6.1.

Criteria 1-8 are taken from Rodriguez Bolivar (2009) and have been adapted to include social information. Criteria 9-11 were added in response to suggestions that well designed websites should include the features of interactivity and responsiveness by using feedback mechanisms and multi-media (Palmer, 2002), and that organisations should use the internet to engage in active dialogue with stakeholders (Lapham, 1996; Esrock & Leichty, 2000; Isenmann & Lenz, 2002; Adams & Frost, 2006; Rodriguez Bolivar, 2009) and the increasing trend for organisations to utilise online discussion forums for such engagement (Saxton, 2012).

The electronic formats of the websites were verified by using the website "BuiltWith" (http://builtwith.com/), which provides free and professional internet research tools. Upon typing in the website address you wish to look up, the site provides you with details of the technology used to build the website. The presence of XLS & PDF documents were confirmed by typing "PDF" and "XLS" into the search function of the organisations websites, which then produced a

list of all downloadable documents with those file extensions. Each document was then checked to determine whether it disclosed social and environmental information.

Criteria	Points
1. The website has a specific section/s that includes social and environmental information.	1.0
2. A site map showing the contents is available.	1.0
3. The social and environmental information is presented on the website under the name of*	
Sustainability Report	1.0
Environmental Report	1.0
Other.	1.0
4. The nonfinancial social and environmental disclosure on the website offers a link with the financial statements to access the financial incidence of environmental concerns in the firm.	1.0
5. A system of hyperlinks for the information offered is provided.	1.0
6. Electronic formats used to process the social and environmental disclosures:	
Online formats:	
XML or XBRL	0.3
HTML	0.2
Offline formats:	
XLS	0.3
PDF or DOC	0.2
7. Information content is available in different languages	1.0
8. The possibility of contacting the staff responsible for social and environmental reporting via e-mail address is provided to request information or explanations.	1.0
9. The website provides passive one-way communication channels such as	
Feedback forms	0.5
Subscription to updates of social and environmental information	0.5
10. The social and environmental pages on the website are linked to online discussion forums.	1.0
11. The social and environmental information provided includes multi-media	1.0
Total	11.00

*For this section, only 1 point can be awarded

Table 6.1 Methodology used to test the navigability, design and accessibility of the corporate websites (adapted from Rodriguez Bolivar, 2009)

This final stage of the research serves to enrich and triangulate the data collected during the previous three stages, which explored organisational attitudes, practices, outputs, and influences on those outputs. Whilst there exists a great deal of positivist literature regarding the 'who', 'what', 'when', and 'where' of S&ER, there is a dearth of exploratory field studies seeking to understand the 'why' and 'how'. It is hoped that the present study may contribute in some way to filling this gap in the literature. However, studies of this nature are also subject to several constraints and limitations, which are briefly discussed in the following section.

6.7 Constraints and Limitations

Qualitative research is inherently subjective, and there is also a risk of bias in the sample selection process as convenience sampling may result in self-selection bias. However, this form of sampling is a generally accepted qualitative research procedure (Bédard & Gendron, 2004), and extant research suggests that this form of bias may not be a concern with respect to the quality of S&ER (Gray et al., 1995). As with any study of this nature, there is a risk of interviewer bias both during the interviews and in the analysis of the transcripts. An attempt has been made to alleviate this risk by carefully constructing open-ended interview questions, and by choosing not to review the social and environmental reports of the organisations prior to the interviews to avoid forming potentially biased judgments and preconceptions. Furthermore, the use of a systematic analytic protocol helps alleviate the risk of interviewer bias in the data analysis (Miles & Huberman, 1994) and O'Dwyer (2004) advocates using narrative data analysis, suggesting that focusing on telling a story helps avoid selectivity in the analysis.

The semi-structured interview method is potentially subject to bias both during the interviews and the data analysis process (Smith, 2003). Whilst it is acknowledged that the researcher cannot separate themself from the socially constructed world, and as such cannot claim the research to be value-free (Baker, 1999), the use of triangulation has been suggested to reduce the risk of interviewer bias and thus increase the validity and reliability of the research (Baker, 1999; Smith, 2003) and this was undertaken in this study. It has also been suggested that the adoption of a multi-faceted a-priori theoretical perspective, such as the Nexus of Theories provided in Chapter 4, can aid in the reduction of researcher bias (Marginson, 2004), and that codes that emerge during the data collection process have greater empirical grounding (Miles & Huberman, 1994).

With respect to the content analysis stage of the research the use of archival research requires a validity trade-off in that while results may have more external validity, they may not be generalisable (Smith, 2003). However, as the purpose of the research is exploratory in nature and not intended to be generalisable this trade-off is less of a concern. Milne and Adler (1999) suggest that the use of a single coder may increase the reliability of content analysis. However, in cases such as this, where the sole coder is also the researcher, there is a risk of researcher bias.

Therefore, consistent with Perez and Sanchez (2009), the coding was intentionally kept as simple as possible to mitigate this limitation.

The fact that the websites were not analysed in the same year as the most recent reports analysed were published must be acknowledged as a limitation, which was due to the sequential nature of the research design. However, this limitation is mitigated by the fact that the purpose of the website analysis was not to compare web-based disclosures with paper-based disclosures, but rather to triangulate and support the findings from the previous stages.

6.8 Summary

The purpose of this chapter was to detail the research design, methods and methodology used to address the research questions developed in Chapter 5. The exploratory nature of the research suggests that a qualitative field study involving a small number of cases with rich data collection and triangulation is the appropriate method. Four distinct stages of research have been identified, each of which informed the subsequent stages. In order to address RQ1 the first stage of the research involved semi-structured interviews with representatives from ten ASX listed organisations engaging in S&ER. The data analysis method included three distinct but overlapping phases of analysis including data reduction, data display and data interpretation, the results of which provided a contextual framework for the second stage of the research.

The second stage of the research, the purpose of which was to address RQ2, involved content analysis of social and environmental disclosures, with particular attention to multi-modal impression strategies including the use of solely narrative disclosures, improperly presented graphs, and images and photographs. Secondary data analysed included the most recent reports published at the time of the stage one interviews, and the reports published immediately prior to the interviewees taking on the primary S&ER role. Content was classified as being 'informative' or 'potentially misleading' according to the presence or absence of quantitative information, or in the case of graphs, whether they were properly or improperly presented. The third stage of the research involved interviews with representatives from two design firms and one consulting firm with experience in assisting organisations with the preparation of social and environmental reports. The purpose of these interviews was to address RQs 3 and 4 and provide a more balanced perspective to the first stage interviews. The final stage of the research involved

analysis of the navigability, design and accessibility of the websites of the organisations interviewed in stage one, with a particular focus on the social and environmental pages of the websites. The purpose of this stage of the research is to provide a comprehensive picture of organisational S&ER by enriching and triangulating the data collected, and to provide a form of control against the possibility that organisations are focusing their efforts on web-based reporting, rather than hard-copy reporting.

Field studies of this nature are subject to inherent limitations at every stage of the research. However these limitations may be mitigated if the researcher is aware of them in the first instance and then takes the necessary steps to minimise the risks associated with them. Mitigation techniques used in the present study included careful construction of the interview questions, the use of systematic analytic protocols, and a multi-faceted a-priori theoretical framework.

In summary, the first stage of the field study considered internal S&ER choices, whilst the second examined external disclosure practices in hard-copy reports. The third stage explored the role of external consultants in those choices and practices, and the fourth triangulated and expanded upon the previous stages by exploring web-based communication. When considered in their entirety, the case studies may provide a broader picture of what differentiates those organisations that appear to be reporting for accountability purposes from those that appear to merely attempting to create the impression that they are socially and environmentally responsible. The following chapter provides an analysis and discussion of the first stage of the research.

Chapter 7 – Results of Stage One: Interviews with Organisational Representatives

7.1 Introduction

The research questions and propositions explored in this study were developed in Chapter 5, and the methods used to address those questions were detailed in Chapter 6. A field study comprising ten cases was carried out, and the research conducted in four stages, the first of which involving interviews with representatives from ASX listed organisations that reported upon their social and environmental performance. The purpose of these interviews was to provide a richer understanding of organisational S&ER practices, and address Research Question 1 (RQ1), which is concerned with the discharge of S&EAA. The steps required to discharge S&EAA were delineated in the normative model provided in Chapter 3, and the purpose of this chapter is to discuss the results of the first stage of this exploratory field study with respect to whether those steps appear to be undertaken in practice. As recommended by O'Dwyer (2004), and discussed in Chapter 6, narrative analysis will be used.

The chapter is structured as follows. In order to introduce the cases used in this study and contextualise this comparison, descriptive information regarding the relevant cases is provided in Section 7.2 below, before an examination in Section 7.3 of whether the steps required by the normative S&EAA model described in Chapter 3 are actually undertaken in practice. The organisational choices with respect to each of the steps are discussed in turn in Sections 7.3.1-7.3.5, before a discussion of the organisational motives for S&ER is provided in Section 7.4 and a brief summary provided in Section 7.5. As noted in Chapter 6, the anonymity of all cases was assured, and as such the descriptive information provided is limited to protect organisational identities. Other information provided below is either publicly available, or taken from field notes or the interviewees themselves.

7.2 Description of the Cases Studied

As discussed in the previous chapter, the final sample of ten organisations comprised a very diverse industry representation, which included the energy, banking, commercial services and supplies, telecommunication services, real estate, pharmaceuticals & biotechnology, transportation services, utilities, and materials industries. Despite being selected from a pool of

the top 200 listed organisations as at July 2011, all but one of the participant organisations (Org H) were listed in the top 50 at the same reporting date. Each of the reporting organisations interviewed had varying degrees of experience with S&ER with some relatively new to the process whilst others had been consistently reporting for almost a decade. Each of the organisational representatives interviewed had also been employed in the lead reporting role for varying lengths of time, ranging from approximately seven years to under six months. This descriptive information is displayed in Table 7.1.

Case	Industry	Reporting History	Interviewees Role	Time as Lead Reporter (approx)	Proximity to Users	Media Visibility
Org A	Energy	Commenced 2012	Global Director Sustainability	N/A (at time of interview)	Low	Med
Org B	Materials	Commenced 2004	Group Sustainability Manager	5 Years	Med	High
Org C	Pharmaceuticals & Biotechnology	Commenced 2009	Senior Manager, Corporate Responsibility	2 Years	Low	Low
Org D	Materials	Commenced 2002	Head of Environment	6 Years	High	High
Org E	Telecommunication Services	Commenced 2003	Senior Advisor, Corporate Responsibility	5 Months	High	Med
Org F	Banking	Commenced 2002	I1 – Previous Lead Reporter I2 - Head of Sustainability	R1 – 7 Years R2 – 2 Years	High	Med
Org G	Utilities	Commenced 2007	Manager Sustainability Strategy	4 Years	Low	Low
Org H	Commercial Services & Supplies	Commenced 2001	General Manager, Sustainability & Environment	7 Years	Low	Med
Org I	Transportation Services	Commenced 2008	National Manager of Environmental and Sustainability Planning	4 Years	Med	Med
Org J	Real Estate	Commenced 2006	General Manager of Corporate Responsibility & Sustainability	5 Years	Med	Med

Table 7.1 Descriptive information regarding the cases studied

Each of the interviewees held senior roles within their respective organisations. In the case of Org A the interviewee's position was Global Director Sustainability. The interviewee described that role as "head of sustainability and a brand we call [Name], which is how we help our customers fully integrate environmental social and economic sustainability into project delivery (Org A)". Whilst at the time of the interview the organisation was not engaged in external S&ER

the interviewee had been championing S&ER for a number of years. In the remaining cases the interviewees were all instrumental in managing S&ER within their organisations. The interviewee from Org B's title was Group Sustainability Manager, and their role was to "manage the generation of [the] sustainability report [and] have [employees] tell me what it is that they've done and make sure then it aligns across the business (Org B)". The interviewee from Org C, whose role was Senior Manager, Corporate Responsibility, noted that they "own the end to end publication or creation of our global CR report which includes our existing, a number of exiting KPIs and looking for additional KPIs year on year (Org C)". Similarly the interviewee from Org D, noted that they had "overall coordination of the preparation of the sustainability report (Org D)", and with respect to the management of environmental impacts "myself as Head of Environment sets the direction and standard and then that flows through to each of our operations who then develop their environmental management system consistent with the standard (Org D)". The interviewee from Org E noted that as Senior Advisor, Corporate Responsibility their role was to "liaise with all the data owners, undertake the project management of the report, author, you know, provide that one voice for the report, collect the information, determine what's going to be in the report, how we're going to present that, you know, whether it's on the web, in printed copy, is it in additional documentation (Org E)".

The high level of responsibility with respect to managing S&ER within these large listed organisations was emphasised by Interviewee 2 from Org F, whose role was Head of Sustainability and who noted that "generally in our team we have one role that is the reporter. So that role will run the materiality process, run the data, run the relationship with the assurer, they write, they co-ordinate all the business unit content, they are the report person. So from woe to go basically. So it's a dedicated role but at the moment that's me. […] It's a big job. It is when you're looking at an organisation of 40,000 odd, or whatever it is these days, employees, it's big, big. (Org F, Interviewee 2)". In the case of Org G the interviewee, whose role was Manager Sustainability Strategy and who initially became involved with Org G in their role as an external environmental consultant, acknowledged that in addition to managing the S&ER process they "take an overarching view of well, what is the right information that needs to go in there, is it balanced […] we manage the assurance process […] the process of organising designers and all that kind of stuff as well as the engagement after the report gets published, with external and internal stakeholders (Org G)".

The interviewee from Org H, whose role was General Manager, Sustainability and Environment and had previously worked for approximately ten years as an environmental auditor, noted that in addition to implementing and managing the EMS they "sit in a fairly small corporate group that overlooks the whole thing, and for some years now my role has been to be I guess roughly the technical editor of the sustainability report […] the keeper and guider of it (Org H)". In the case of Org I the interviewee's title was National Manager of Environmental and Sustainability Planning, and in addition to managing S&ER their role was primarily focused upon "climate change and energy efficiency and our carbon management. So it's lobbying with the government carbon schemes, preparing the company for that. Putting systems in place to capture our greenhouse gasses (Org I)". The interviewee from Org J's position was General Manager of Corporate Responsibility and Sustainability, and the interviewee noted that their role was "director of the reporting process around sustainability. I have a small corporate team that undertakes the project management of preparing the report. So they report directly to me. So if you like, I oversee that work and if you like, direct that work. Certainly inform the direction, content, style, formats, and also have a significant role in terms of confirming the materiality of the content that sits within that report as well. […] So my job is also to facilitate the approval of the report as well with our Board (Org J)".

It was suggested in Chapter 4 that visibility and proximity to end users are positively associated with the use of impression management. Consistent with Clarke and Gibson-Sweet (1999) the organisations were rated according to the proximity of their products to end users, and these ratings are displayed under the heading 'Proximity to Users', with Orgs E, F and G, who sell directly to final consumers being rated 'high', Orgs C and J, who produce brands known to the final consumer rated 'medium', and Orgs B, D, H and I, who have no overt link with the final consumer being rated 'low'. Media visibility was initially rated according to references to media attention made by the interviewees, and was then confirmed by a rudimentary Google search of the company name[6]. Each of the interviewees were questioned regarding the steps they go through when preparing social and environmental reports, and their responses compared to the steps required by the normative model as developed in Chapter 3, which are discussed in the following section.

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[6] Organisations rated 'low' received less than one million results, those rated 'medium' received between one and ten million results and those rated 'high' over ten million results.

7.3 The Normative Model in Practice

The normative model first requires organisations to engage in S&EA, which requires internal S&ER, before producing a publicly available report. Organisations should engage with stakeholders throughout the S&ER process and should ensure that stakeholder feedback is incorporated into S&EA and S&ER practices. Organisations should then obtain external assurance for their external S&ER, and stakeholders should be engaged in this process to ensure that organisational responsibilities are accounted for. The first stage of the research explored each of these steps in the interviews with organisational representatives, the results of which are discussed in further detail below.

7.3.1 Step One – The Implementation of Internal S&EA & S&ER Systems

With respect to the first step, S&EA, each of the cases studied engaged in some form of internal S&ER. Internal S&ER ranged in frequency from "hourly [...] depending on what piece of data it is (Org B)", "daily (Org E)" and "weekly (Org H)", to "monthly (Org D)", and "quarterly (Orgs B, D, F & G)". Internal reporting ranged from being "very structured (Org B)", and "very systematic (Org D)", to "uncoordinated and very much ad hoc and piecemeal (Org A)", whilst the interviewee from Org I noted "I wouldn't go so far as to say we were as bad as ad hoc but I'd say we were immature (Org I)". Internal reporting was predominantly bottom-up, and this bottom-up communication was predominantly through formal reporting, with only Orgs C and J noting feedback through communication from internal stakeholders. Furthermore, with the exceptions of Orgs E and H, which provided internal newsletters and magazines to employees, and Org I, which used their centralised environmental accounting system to provide reports to management teams, the annual social and environmental report was the main form of top-down communication regarding social and environmental performance.

Whilst each of the cases engaged in some form of internal S&ER, the systems implemented for the identification and measurement of social and environmental information varied. An important aspect of S&EA is the implementation and use of an integrated S&EMS, and of the ten cases studied three utilised ISO 14001 certified EMSs across all of their sites (Orgs D, G & H), whilst two had ISO certification across some, but not all, of their sites (Orgs B & C). The interviewee from Org H emphasised the benefits of using a corporate-wide certification system:

"So, you know, using that system, everybody is certified all the time but at random, you have to pass audits, and if you fail, then you're putting the whole corporate certification at risk. So it's actually a very powerful way to encourage everybody to make sure they don't be the one to fail." An uncertified S&EMS was used by Org F, and Orgs A, E & J did not claim to use a social and/or environmental management system. Org I was unique in that the organisation did not claim to use an S&EMS, yet it was the only case studied that utilised a customised, fully integrated environmental accounting and reporting system:

"Yeah, what we did we used PeopleSoft, so I didn't, early on when I started getting into the sustainability stuff we were doing something, a scheme called the greenhouse challenge plus. So, and I inherited the role or created a role just prior to some reporting and oh it was a nightmare and trying to get all this data that we'd never captured before and I can see that I was becoming the owner of the data and the responsibility for getting it and making sure it's accurate and I thought well that's not my role. The finance people already have processes for numbers and accounting and audit and they're the ones buying all this energy, they should know what we're buying. I would have thought that was a basic financial principle. You paid a million dollars, you should get a million widgets. But as it turned out we weren't capturing most of the quantity stuff. So what we did with PeopleSoft, we changed it. Whenever we pay an invoice for any energy, we've changed it so certain general ledger accounts, so called 'enviro accounts' and for those accounts you can't continue unless you put a quantity in. [...A]nd we put some rules and guidelines around what all that means and we have an internal business intelligence tool called TM1 and we suck the data out of PeopleSoft. We also put all the energy and greenhouse gas efficiency, emissions factors in PeopleSoft. So we store all that data there and now I can print my NGER reports using our TM1 tool, which is great. So we can now, and each month the financial accounts, when they sign off the monthly accounts, they sign off on the work which, or the quantities or the data. So each month they're saying these quantities are correct, so we can track our, where our energy, waste and water are going each month. You know, with people who know numbers, who already have processes for accuracy, the audit teams will come and audit the

numbers [and] they'll sort of recognise when things don't look right. So that's been great. So, in the past it took weeks and weeks and weeks of individual accountant's time across the whole company, so maybe six months in time if not more of just getting data. So now we've automated that and now we can go the next step of using it to help with carbon trading (Org I)."

With respect to the level of integration amongst the organisations that utilised certified EMSs, whilst the systems for the most part integrated health, safety and environment they were operated as stand-alone systems that drew upon, but were not integrated with aspects of the financial management systems. One of the interviewees from Org F noted that their social and environmental performance management system operated as a parallel system, and commented "what we're doing increasingly is working to integrate those different systems (Org F, Interviewee 1)".

As discussed in Chapter 3, whilst the specific characteristics of S&EMSs vary across organisations, every S&EMS involves the establishment of policies, undertaking internal assessments of the social and environmental impacts of the organisation, the creation of quantifiable goals, the provision of resources and workplace training, monitoring progress via methodical auditing to ensure goals are being met, rectifying deviations from the achievement of goals and undertaking management reviews. An organisation may not have a formalised S&EMS, yet may still be undertaking these activities. Therefore each of these areas was addressed specifically in the interviews.

With respect to policies, each of the cases studied had formal policies, position statements and model procedures with respect to aspects of their social and environmental performance, with the exception of Org A, with the interviewee noting that "we want to create a leading edge corporate social responsibility and sustainability policy (Org A)". Internal assessment practices were largely devolved into the methodical monitoring and auditing practices, and ranged from being non-existent (Org A), to being audited by external regulators due to the nature of their pharmaceutical manufacturing facilities (Org C).

The interviews revealed some interesting perspectives regarding the creation of quantified goals and targets. The interviewee from Org A (who as noted previously was only just embarking on

the production of their first social and environmental report), when asked if they intended to introduce quantified targets responded:

> "I don't know yet. We, up until now that's been one of the reasons why I think we haven't wanted to go down this route because there's been reticence of the sensitivity around the market in setting targets and then not meeting them. So this is something that we're going to have a serious discussion about internally. I mean a lot of organisations get around it by calling them aspirational targets. Which just means they're not really targets, they're just you know, sort of, yeah well if we get there we're happy but it's not really, you know, it's something that we might wish that we could do at some point possibly in the future should the appropriate circumstances arise etc, etc, etc. (Org A)."

The interviewee from Org B, whilst acknowledging that their targets were "all corporate numbers (Org B)", expressed a similar view:

> "I have a funny affiliation with targets. I think they're definitely necessary and people expect you to have them but at the end of the day if you do or you don't make them, you can explain your way through. We did or didn't achieve this target because of these reasons. We didn't achieve our energy efficiency target because we produced more product that was energy intensive. Bang. Easily explained (Org B)."

The interviewee noted that their ambivalence towards targets partly stemmed from past conflict with respect to the selection of one of their environmental targets:

> "No not happy about that decision, it got taken out of my hands. […] That was a senior management decision. […] I honestly don't know that the people that made the decision understood what the impact, like what the difference was between the two. […T]hey didn't understand the background behind the reason for choosing the one that I'd chosen and they just thought, oh well it means the same thing so that's okay, we'll just change it. […] I think that is what annoys me the most. That I am the expert in that field and so don't go and change it without at least having a conversation with me (Org B)".

Orgs D, G, and H all noted that individual sites had developed specific targets "appropriate to each site (Org D)". This approach was justified by the interviewee from Org G, who noted "you can't, you know, the environmental performance of the whole organisation wrapped up into one number? You can't do it, it's not possible". A sentiment echoed by the interviewee from Org H, who stated:

> "It's hard to find metrics that are relevant across the whole business. Even something that is relevant across the whole business, like energy usage or greenhouse gas emissions, becomes kind of non-sensical when at one point, say, you're managing a power station for a client and say you were emitting half a million tonnes of CO_2 there then over here you're maintaining houses for a public housing department and you're emitting 20 tonnes of CO_2, so setting yourself a 20% emissions reduction target for these guys means they've got to go from 20 to 16, for these guys means they've got to go from 500,000 tonnes to 400,000 tonnes. The whole thing is illogical nonsense. So, for the most part we encourage, apart from a relatively few broad corporate targets, we generally prefer to have targets set at contract level with agreement and buy in from our, the specific client, the things that are relevant to that situation 'cause cookie cutter target setting is superficially attractive but is fairly non-sensical a lot of the time. And not only can it waste a lot of people's time pursuing non-sensical targets but the other thing is, which is more insidious in my view, is that if it's a bullshit target, people will know it's a bullshit target and so a) they ignore it and secondly it destroys your credibility. And so, I guard my credibility fairly carefully. Non-renewable resource (Org H)."

Despite this, the interviewee did comment that "[w]e certainly set targets in safety for both lead and lag indicators. We have set ourselves a target for indigenous employment for example in Australia. We haven't yet started setting ourselves quantitative targets in environment (Org H)". In addition to Org A, the only other organisation that did not use any quantified targets was Org I, with the interviewee acknowledging:

> "We have in the past. We've sort of gone on a journey of doing things and then, Org I has had a very interesting history in its short life. We, you know, the various

companies have been around for a while but they've merged and demerged and at one point a couple of years ago, the company was pretty much bankrupt, you know, our share prices were very low and we cancelled newspapers, you know, a company this big. So, it's made pushing sustainability very difficult because the company's had other focus but the company is wealthy again and you know, things have changed and we can move on. So initially a number of years ago, four years ago, we had a target, a notional target around 10% energy reduction and just set that target but, you can have a target but if you don't have the money to fund the initiatives, it's a meaningless target. So the approach we went, well okay, we're doing EEO compliance, [...s]o, okay let's find what we find from that, what we're prepared to fund and therefore set targets around that. […S]o, as we redevelop our strategy for sustainability and the reporting we'll develop what those targets will be (Org I)".

Whilst the majority of the cases studied did have quantified targets, the results suggest that the selection of these targets was somewhat subjective, and the interviewee from Org D noted "I won't give you a target if I know I can't meet it (Org D)". This suggests that the setting of targets may be more for legitimation purposes than a genuine attempt to reduce social and environmental impacts.

With respect to the provision of resources and workplace training, both varied considerably amongst the cases studied. For example, within Org F "in terms of resources, it would actually be quite hard to quantify because it's so well, it's one of the few business I've seen where it's so well integrated, you would be challenged, it would be a challenge to sort of say, well, you know, mapping it all because it sits in, it's integrated into sort of operational roles (Org F, Interviewee 2)". Also at the high end of the scale was Org H, with the interviewee being quite matter of fact in stating:

"In terms of the management stuff, the resources supplied are huge. Here in Australia, I've not tried to do it but, just in safety alone, safety as one discipline within a whole string, we've got a CEO who has safety as a major focus of his job, he has probably say four people reporting to him directly on safety. Then in the Australian business, each of those businesses will have a group general

manager for safety. Each of them will have under them a number of industry safety managers and then most contracts will have at least one safety co-ordinator. So all of these are paid, 100% dedicated professionals. In our Australian business that would add up to at least 100 people just in that one discipline. QA has probably got 50 or 60 in it. Environment has probably got a dozen. Indigenous stuff has probably got a dozen. You know, there's a lot of resources put into it (Org H)".

Examples of those at the mid-range level were Orgs C and D, with the interviewees acknowledging "[t]hey're adequate, they could be better, yes (Org C)", and "I never have enough resources [...] but the resources are appropriate to the needs (Org D)". The interviewee from Org C went on to note the greater emphasis placed upon financial performance: "[w]ell it's not like any financial accounting, it's not like the processes that we have in place for financial results (Org C)". At the lowest end of the range was Org I, with the interviewee responding to the question with gentle laughter, and a single word: "Charm (Org I)". The interviewee then went on to elaborate more seriously: "Not much and that's an issue that I've been raising with the executive team. I've been saying, look, it's good, we've been doing all these things but if we want to do more, well we can't do any more. There's only one of me and I need budget and resources. So we're having that conversation internally (Org I)".

The focus on the importance of workplace training also varied considerably. In the cases of Orgs C, E and G workplace training was emphasised as being a key aspect of ensuring compliance with policies, whilst the interviewee from Org B acknowledged that no formal training program existed and that "the businesses they look after that sort of training, yeah, on an individual level depending on what's material for them (Org B)". With the exception of Org F the remaining cases failed to mention training programs at all when discussing their social and environmental management practices.

The final aspects of an S&EMS include monitoring progress via methodical auditing to ensure goals are being met, rectifying deviations from the achievement of those goals and undertaking management reviews. Each of the cases undertook some or all of these activities, and in practice the activities often appear to be interrelated and complementary. An exception was Org I who, as noted previously, engaged in systematic monitoring and auditing through their integrated

environmental accounting system however had not, at the time of the interview, set targets around social and environmental performance.

For example, Org A, whilst still being in the early stages of internal social and environmental management and reporting, had "already received independent third party customised [quality assurance] certification of our [external service provision] process (Org A)". Within Org B targets are monitored "on a monthly basis and they get reported up to the Board on a monthly basis (Org B)". In addition to the external regulatory audits noted above Org C has internal validation processes and "an environmental leadership group which tracks and measures performance against set targets that we've set for our operations here in Australia (Org C)". However, neither organisation appeared to have a formal system for rectifying deviations from those targets, as indicated by Org B's comments provided above, and by the interviewee from Org C's comment that:

> "[P]robably 80% of the KPIs that we report on are specifically reported on for corporate responsibility purposes only. The remaining 20% are KPIs that already exist within the business. They have their own mechanisms, they have their own purposes within the business for informing management decisions or business operations. So those KPIs would be rather, it would have, the processes behind those would be rather systematic whereas the others would be, I wouldn't want to say ad hoc but they run on a yearly basis (Org C)."

In the case of Org D an internal audit of compliance against policy standards is conducted biannually, the results of which are reported to a Board committee "and if there's areas that need improvement, we have corrective action plans, implement those, and monitor, track those (Org D)". Within Org E certain information, "for instance, with energy and carbon (Org E)" was reported to a senior level on a monthly basis, however the interviewee noted that the senior management council was in a state of transition at the time of the interview, and thus executive oversight was being restructured. Both Orgs D and E noted that additional resources might be allocated to rectify deviations from the achievement of targets. However they differed in their approach in that Org D noted that it may also require "greater attention from management", whilst in the case of Org E "depending on which area it would be up to them to determine how they're going to meet that target, revise, you know, put in the business plan (Org E)".

Both Orgs F and G provide "a sustainability metrics pack to the Board quarterly, on all [their] environmental and social key indicators" (Org F, Interviewee 2), with Org F including internal management systems in their annual assurance process and Org G conducting "audits of our HSE Management system at least once every two years using external auditors (Org G)". Both organisations had a "reasonably mature approach" (Org F, Interviewee 1), with Board Committees and "things like internal councils and so on which are replicated both at group level and within individual business units" (Org F, Interviewee 1), and "the HSE team [who] have set up a variety of corrective actions, training and awareness sessions/reminders, [and] leadership initiatives (Org G)".

The interviewee from Org H noted that they had monthly reporting to management that then "also goes quarterly to the Board HSE Committee. So they look at a whole lot of metrics of system performance including outstanding corrective and preventative action requests and broken down by days overdue, [...] like, it's analysed up the wazoo (Org H)." Orgs H and J appeared to have the most comprehensive approaches to rectifying deviations from goals, with the interviewee from Org J noting that "all employees have KPIs around sustainability as well, so that's embedded into our performance management system (Org J)", and in the case of Org H:

> "[W]e have a wonderful system in the QA system that we rely on called the CPAR process, Corrective and Preventative Action Requests. So whenever a non-conformance of whatever kind, or deviation if you want to call it that, is identified, that gets raised in a computerised system, has to be accepted by the person responsible, the contract manager or whatever it might be, they have to come up with an action plan to deal with the issue, they have to implement that, it has to be checked off, all within agreed time frames, all of which are tracked by the computer system and if those time frames aren't met, it starts a clock running, basically a bit like debtor days, so he'll get a reminder when it's 30 days overdue, his manager will get a reminder when it's 60 days overdue, by this time we're up to about industry manager level at 90 days and you're up to CEO level at 120 days. So, [...] and yeah, if you let them go too far overdue, again it becomes a really good way to get to know somebody senior in the organisation who you probably didn't want to meet on that basis (Org H)."

The results demonstrate the importance of having top management support with respect to the implementation of internal S&ER and S&EA systems, with the interviewee from Org H noting:

> "This company is fantastic in that regard in that, they occasionally quibble about money, it's their job, but they have an unrelenting commitment to, perhaps not sustainability in a broad fuzzy sense, but some of the key elements of it, absolutely. So safety, rock solid. Environment, probably not quite so personally passionate I think but still they know they've got to do it and there's no question about it. Service quality, absolutely fundamental to our business, got to get that right, you know. Indigenous stuff, they love it, you know, they're right into it. So, yes, it makes this process, it's the difference between jobs like mine being tenable and not, and certainly I've held roles in similar organisations that haven't provided that kind of support which haven't been tenable for that reason (Org H)."

Similarly the interviewee from Org I commented: "I promised myself I would never work for a company again where the CEO doesn't believe in sustainability. It's hard enough when other managers don't believe in it but when you don't have a CEO then you're really wasting your time (Org I)".

To recap, step one of the normative model requires organisations to engage in S&EA, which requires internal S&ER. An important aspect of S&EA is the implementation and use of an integrated S&EMS, which involves the establishment of policies, internal assessments, quantifiable goals or targets, the provision of resources and workplace training, methodical monitoring and auditing, rectifying deviations from goals and management reviews. As noted in Chapter 6 each of the cases had varying degree of experience with external S&ER, and a brief profile of each case, and their S&EA practices, is provided in Table 7.2 and discussed below. Because internal assessments were largely devolved into monitoring and auditing, and all organisations with the exception of Org A had formal policies in place, these criteria are not shown separately in the table.

Case	Internal S&ER			EMS	Targets	Resources	Training	Monitoring /Auditing	Rectifying Deviations
	Frequency	**Direction**	**Nature**						
Org A	Ad hoc	Top Down /Bottom Up	Uncoordinated	None	Unsure	Adequate	Unclear	Partial /One-off Audit	N/A
Org B	Hourly /Daily /Weekly /Monthly /Quarterly	Bottom Up	Structured /Formal	14001 (some sites)	Quantified	Adequate	Moderate	Active /Unclear	Unclear
Org C	Annually	Bottom Up	Formal /Consultative	14001 (some sites)	Quantified	Adequate	Substantial	Active /Regulated External Audits	Unclear
Org D	Monthly /Quarterly	Bottom Up	Systematic /Formal	14001 (all sites)	Quantified /Qualified	Adequate	Unclear	Active /Biannual Internal Audits	Senior Management Level
Org E	Daily /Monthly /Quarterly	Top Down /Bottom Up	Newsletters /Formal	None	Quantified	Adequate	Substantial	Active /Unclear	Business Unit Level
Org F	Quarterly	Bottom Up	Formal	Uncertified	Quantified /Qualified	Substantial	Moderate	Active /Annual External Audits	Executive Level
Org G	Quarterly	Bottom Up	Formal	14001 (all sites)	Quantified /Qualified	Adequate	Substantial	Active /Biannual External Audits	Executive Level
Org H	Weekly /Quarterly	Top Down /Bottom Up	Magazines /Formal	14001 (all sites)	Quantified /Qualified	Substantial	Unclear	Active /Sampling Audits	Multi-Level
Org I	Monthly	Top Down /Bottom Up	Formal /Consultative	Integrated EA System	None	Limited	Unclear	Active /One-off Audit	N/A
Org J	Unclear	Top Down /Bottom Up	Formal /Consultative	None	Quantified /Qualified	Substantial	Unclear	Active /Unclear	Multi-Level

Table 7.2 S&EA practices of the cases studied

At the time of the interview Org A was very new to S&ER, and thus had few formal procedures in place, and was only just beginning to discuss internally the prospect of formulating social and environmental policies and targets. Internal S&ER was ad hoc and uncoordinated. Org B, who had been reporting consistently since 2004, had ISO 14001 certified EMSs in some sites, quantified targets, and structured internal S&ER. However their internal reporting appeared to be formal rather than consultative in nature and whilst active monitoring was undertaken there did

not appear to be clear processes in place for rectifying deviations from the achievement of targets.

Org C had only been undertaking external S&ER for three years, and whilst internal S&ER did not appear to be undertaken on an ongoing basis, it did appear to be somewhat consultative in addition to formal. Some sites utilised ISO 14001 certified EMSs and substantial resources were devoted to training, audit and monitoring, with quantified targets in place, yet the majority of these targets were for external S&ER purposes only and there did not appear to be a clear mechanism in place for rectifying deviations from targets. Conversely Org D had been reporting since 2004, and had ISO certification at all sites and ongoing systematic internal S&ER. Both quantitative and qualitative targets were in place, and whilst the audit process was not as extensive as that of Org C, clear corrective action plans and responsibilities were in place to rectify deviations from the achievement of those targets.

 The most frequent internal S&ER was conducted by Org E, who provided daily top-down communication in addition to formal bottom-up reporting. Whilst the organisation did not claim to use an S&EMS, they did have aspects of such a system including formal policies and quantified targets, and the interviewee placed a significant emphasis on their training programs. Active monitoring of performance was undertaken, however internal audit processes were unclear and no formal procedures or responsibilities appeared to be in place for rectifying the achievement of goals.

Both Orgs F and G engaged in quarterly formal bottom up internal S&ER, and had both quantitative and qualitative targets in place. Org F utilised an uncertified S&EMS, whilst Org G had ISO certification for the EMSs at all sites. Both had executive level committees responsible for rectifying deviations from the achievement of targets, and Org F obtained annual external assurance for their managements systems whilst Org G conducted a biannual external audit. Orgs H, I, and J all engaged in both bottom up and top down communication, however in the case of Org H this communication appeared to be formal, rather than consultative in nature. Orgs H and J had both quantitative and qualitative targets in place, whilst Org I had no formal targets in place. Orgs H and J also shared similarities in that both devoted substantial resources to social and environmental performance management and both had multi-level social and environmental performance plans in place to rectify deviations from the achievement of objectives. Org I was

unique in that whilst it was only just at the time of the interview conducting an internal audit to assess their compliance with organisational social and environmental policies, they were the only organisation to have implemented an integrated environmental accounting system.

The above section has explored the organisational choices made with respect to step one of the normative model of the S&EAA process. The first step requires the organisation to undertake internal S&EA and S&ER, whilst the second step requires the provision of external S&ER to those who have a right to know. The above discussion has focused on the internal organisational processes of the cases studied with respect to the identification and measurement of social and environmental information, and the resources committed to social and environmental performance management. The second step in the normative model requires organisations to engage in external S&ER, and the resources devoted to social and environmental performance management may differ to the resources devoted to external S&ER. This difference is explored further in the following section.

7.3.2 Step Two – Development, Production and Publication of the External Report

The second step of the normative model involves the provision of the external report on social and environmental performance to those who have a right to know. As noted in previous chapters the relationship between reporting and performance has been much debated in the literature, and initial results from this exploratory study suggest that there is little association between the resources devoted to organisational investment in social and environmental performance management and investment in external S&ER. An indication of this was acknowledged by the interviewee from Org H when questioned about organisational resources: "Oh well OK there's two questions there (Org H)". There appear to be differences between the level of support towards organisational internal social and environmental performance management and external S&ER. This will be explored further in this section, in addition to the reporting methods used by the cases studied, and how they approach the reporting process.

The People Involved in the Development and Production of the Reports

In the cases of Orgs F, G, H and J, the external S&ER was coordinated by a small corporate group, who were situated in, or worked closely with the corporate affairs division of the organisation. In the cases of Orgs C and E external S&ER was coordinated by a "steering

committee (Org C)" and "working group (Org E)", and in Orgs D and I by just the interviewees with varying levels of internal and external support. Org B's external S&ER approach differed slightly to the others in that it appeared to be more segregated, with the interviewee noting:

> "So my department and by department I mean my few people, are a corporate function and we look after communication, engagement and specifically environmental reporting. And then there's other corporate functions that look after safety and health reporting, there's obviously HR looks after HR reporting, there's, and then you go into the businesses and that's where you have SHE managers, product stewardship, you know, well product stewards for the business, and all those people so there's not, yeah, there's not one platform that looks after it (Org B)".

As noted above the S&ER coordinators drew upon varying levels of support from upper and lower levels of the organisation, with the number of people involved ranging from "fifty to sixty (Org J)" to "Me. I'm it (Org I)". While Orgs D, F and G all had Board level health, safety and environment, or sustainability committees, only the interviewee from Org J referred to direct involvement from the Board in external S&ER. In the cases of Orgs B and D an external reporting consultant was employed "to do a lot of sort of the legwork (Org B)", because in the case of Org D "the corporation went from having three sites to having eight sites so the task became a lot bigger and as well as, and that was just not compatible with my workload (Org D)". Orgs C, F, G and J all employed external design consultants, and whilst Orgs E and H did not outsource any aspect of their external S&ER, both employed internal "magazine grade (Org H)" designers, and the interviewees from Orgs E and G were both previously employed as external S&ER consultants.

The Reporting Mediums Used

As discussed in Chapter 3 S&ER may take the form of disclosures in the annual report, triple bottom line, or integrated reports, stand-alone sustainability reports, and web-based reporting. It is increasingly common for organisations to utilise more than one reporting method and consideration must be given to the most appropriate way to make information available to those to whom the organisation is responsible. It was suggested that the provision of both web-based

and hard copy reports is necessary to discharge S&EAA, and the information needs of those who have a right to know need to be considered.

Each of the cases studied provided some degree of S&ER on the internet, with the level of web-based disclosures ranging from pages on the website (Orgs A, B, C, D, F & I), to the use of customised updates and social media (Orgs E, G & J). Web-based disclosures are explored in further detail in Chapter 10. In addition to web-based disclosures the amount of external S&ER varied. In the case of Org A no additional information was provided, although their intention was to provide some social and environmental performance information in their upcoming annual report. Similarly Org I provided only a limited amount of S&ER in their annual report. The largest amount of reporting was undertaken by Org B, who provided not only a stand-alone sustainability report, but also social and environmental disclosures in the annual report, in addition to the business overview "which is like a marketing document [and] the profit report which is basically just a bunch of numbers that go to the share market (Org B)". Stand-alone sustainability reports were also provided by Orgs C, D, E, G, H and J, whilst integrated reports were provided by Orgs J, F & G. In the cases of Orgs B, D and J the stand-alone reports were available in soft copy only, whilst the others produced both hard and soft copies. In addition to the stand-alone report Org C produced a condensed version as "a tool to support our global sales force (Org C)", Org E provided a monthly newsletter, and Org H provided some disclosures in the annual report.

When asked which was their preferred method of reporting the majority of interviewees agreed that online reporting was preferable "because it's archivable, it's searchable (Org C)", and "[j]ust, it's accessible really (Org D)", although the interviewee from Org E did comment "I think you need to use them all." Reasons for providing soft copy reports only were to "try and set the precedent for reducing consumption (Org D)" as "[y]ou can't sort of go out and say that you're sustainable if you're producing 30,000 copies of a 170 page document (Org B)", and cost. Consistent with this those cases that produced hard copies did so only in limited numbers.

Similarly, "[c]ost. Productivity, paper (Org F, Interviewee 2)" were cited as reasons for producing integrated reports. Another reason for providing integrated reports was that "it is important that [corporate responsibility] be seen as integral to the company, not as a separate activity (Org A)" and "as sustainability becomes more and more core to our business, we

obviously are starting to report on an awful lot of this stuff in the annual report anyway. [...] This way it becomes more mainstream (Org G)". These views may be contrasted with those of the interviewee from Org H, who commented that whilst they provide a small amount of social and environmental information in their annual report "I try and actually keep them separate. Yeah, because otherwise we're double dipping and there's not enough material to go around as it is and somebody else has to produce the financial report so I think bugger them, find your own material (Org H)".

Interviewee 2 from Org F, which had recently made the transition to integrated reporting, noted that it had "been an interesting challenge in bringing it in to integrate it (Org F, Interviewee 2), and Interviewee 1 acknowledged both the advantages and limitations of integrated reporting, which, as discussed in Chapter 3 has gained increasing prominence since the establishment of the IIRC:

> "I think it's a, it represents a profound shift. Our reporting, where it is currently is not a profound shift, but the proposition that what we're talking about is a broad agenda, social and environmental performance and you know the issues, areas of performance, which are material and however you choose to define that, provide insights to value generation, provide insights or have implications for the risk landscape and so on. You know that's a very compelling proposition. Why wouldn't you seek over time to be in a position to you know, set out an organisation's objectives, landscape your risks and opportunities perspectively, the way in which it generates value, and then its performance against objectives. So if you take that view, then you kind of, it leads you to the conclusion that you kind of need to integrate financial and non-financial reporting. [...H]aving said that, you know the down side is, as we've touched on, do you, are we losing something in terms of that specificity for particular stakeholders, that, we had space, literally, kind of physical space in a separate report to give issues different treatment, to you know, discuss dilemmas, perhaps in a little bit more detail and so on (Org F, Interviewee 1).

The interviewee from Org J also acknowledged this limitation with respect to integrated reporting, noting that "it's a question of value to whom and my view it's a value to stakeholders

and the IIRC document that's out at the moment, when it talks about stakeholders, it's still quite directed to shareholders as a kind of a principal audience or investors and for example, I didn't see much discussion around customers in there (Org J)".

In all cases, with the exception of Orgs A and I, it appeared that some consideration had been given to the appropriateness of the communication method for their relevant audiences. For example, at the time of the interview the S&ER of Org D was only available online, and the interviewee noted:

> "[Online reporting] was appropriate for our business at the time in terms of Australia and you know, fairly good internet access and, but now we're operating in a few different countries so we'll, I think we're certainly considering going back to a hard copy report and say here's a glossy brochure and leave it with people to read and think about. So that's what we'll probably do this year. A limited number so it becomes a communication tool, hard copy (Org D)."

However of the cases studied none gave greater consideration to the needs of the relevant audiences to that of Org J, with the interviewee commenting:

> "Now, why we still do a full PDF is that the feedback that we get from analysts, particularly the environmental and social governance analysts is that they just want a document they can go from cover to cover, they don't want to be having to work their way through the architecture of a website. They want to be able to understand exactly all the issues that you've covered off. And they give us the feedback. They just want something that they can print, ideally, in black and white. So even if it's in colour they wouldn't be able to read the charts if they printed it out in black and white. So quite granular feedback. And then we move to the website. And the website is really intended for a very, very wide audience. […] What we've tried to do is actually design a site that can appeal to many different audiences and you can quickly find on that front page the information that you're looking for. […] So we've thought really hard about that. We also, when we launch the sustainability report, the website, we send out an EDM. So, an email and we actually tailor that email to different audiences. So we slice and

dice it. Are you a recruiter working for Org J? Are you one of our customers or a tenant in particular? Are you an employee? Are you someone working in government? And what we do is, we actually point to key aspects of the report or case studies that we think might be of interest to them and the feedback we've received has been really positive. We get feedback like, wow, how did you know which bits of the report you knew I'd be interested in? I'm amazed. We've thought about it. We've actually done that level of analysis to really try and target the report and the content to the right audience (Org J)".

The target audiences in each case varied from being quite focused (Orgs E and H) to very broad (Orgs B, D and J), although as noted above Org J does "package up the report into three different formats and with the intent of directing that content to different audiences (Org J)". By far the broadest audience was that of Org C, which was due to the nature of the industry and included:

"So employees obviously, shareholders, investors, health care professionals, patients, plasma donors, government, regulators, who else? I guess they're the key ones really. Suppliers, collaborators, our MD collaborators. So it's really quite difficult, and that may include academics, it includes investors which are mums and dads, it includes patients, plasma donors that typically in the US are from low socio economic backgrounds because plasma donation in the US is remunerated (Org C)."

Despite these differences, patterns did emerge with respect to the intended audiences. All of the cases identified existing and/or potential employees as a key audience, although in the case of Org D "[i]nternally, it's, in our organisation, hasn't had as much traction as I think other organisations, as a vehicle for informing our people about what we do but that does have that role for those that come across it (Org D)." Investors were also cited as an intended audience for all cases with the exception of Org B, with the interviewee noting "it's about the governance and the social responsibility the companies have now to the community that I think is actually a bigger deal than addressing it to the shareholders, 'cause at the end of the day, shareholders care about making money. They don't care about if you're doing it in an environmentally sensitive way (Org B)". The remaining interviewees further classified investors, as a target audience, as being shareholders (Orgs A, C, D, H & J), analysts (Orgs D, E, F, G & J), and institutional

investors (Orgs D, E & G). Customers were also commonly identified as being amongst the target audience (by Orgs B, C, G, H, I & J). However, it must be noted that Orgs E and F, who were both rated as being 'high' with respect to the proximity of product to end user, are conspicuously absent from those organisations considering customers to be amongst their audience.

Less commonly identified target audiences included government (Orgs C, E, I & J), and regulators (Org C), in addition to general references to "stakeholders" (Orgs B, F & I) and "community groups/partners" (Orgs G/E), or "the community, sort of" (Org D). The interviewee from Org B noted that "[t]he media has had a bit of interest in our report of late because of an incident that we had up in New South Wales (Org B)". These key audiences, namely employees, investors, customers, government, regulators, and the media, appear to be in line with the organisational constituencies identified in the prior literature (e.g. Hybels, 1995). The consideration of the target audience not only influenced the format of the reports, but also the content of the reports. This is discussed further in the section below, which considers how the cases studied prepare the content of the social and environmental reports.

Preparation of the Content of the External Reports

As noted above, in most cases a consideration of the target audience did influence the content of the report, which may be best summed up by the interviewee from Org H:

> "It makes you think about firstly, the nature of whatever narrative you might try and run through the whole report. It makes you think about the specific items, whether they're stories or pieces of data or whatever that you might put in to that report. It makes you think about how you actually write those things cause a lot of the time the material we get is us talking to ourselves about things we think are interesting, you know, and me as editor says, nobody other than me and maybe you, who wrote this report, has any prayer of even understanding what you're talking about cause they're writing about some internal system they've implemented or something like that. It's just irrelevant to anybody else and boring as bat shit. Uses a whole lot of words that nobody else is going to understand and so, you either ditch the story completely cause it's inappropriate

for the audience or you say, look, there's actually a good story in there but you've managed to conceal it completely, so let's try and write it again in a way that somebody else might get the point you know. That also applies to data, you know, where you're presenting data, you've got to try and present data that somebody will be interested in and will be able to understand. That's, particularly for an engineering company, a huge challenge, you know, getting them to talk to an imaginary audience 'cause they're not very good at imagining. They're engineers (Org H)."

This sentiment was reiterated by the interviewee from Org B who noted, "trying to write it so that if you didn't have a technical knowledge you could still understand it, is quite interesting (Org B)." This may be contrasted with the approach taken by Org C, with the interviewee commenting that despite the case having the largest range of constituents in their target audience:

"I think we more pitch towards more of a higher skilled, a lot of the language we use in the report is very much tipped at a level that's consistent with the organisation, so it's a fairly complicated, because it's medical related, it relates to our therapies, it's, and patient groups for example, we rely quite heavily on patient groups because we don't have a direct door into, or a direct door to patients, we use the support of patient groups to get access to patients. So, and they're all fairly technical terms and technical language. (Org C)."

Similar to Org J, who as discussed above use different S&ER mediums for different target audiences, Org G commented that "it's all there in the annual report, it's all there in the website but it's often not the whole story because it's different slices and dices for different purposes, where with the sustainability report, we try and make sure that we've got a really good kind of explanation of everything that the business does (Org G)". However, "[t]rying to create a report for everyone is very hard (Org E)", "because they all have different wants and needs and different levels of sophistication in understanding that information. That's the trick. And you've got to try and make one size fit all but that comes, as the saying goes, that doesn't always work (Org D)". Interviewee 1 from Org F noted that this was a particular challenge with integrated reporting, where "you lose potentially some of that transparency component (Org F, Interviewee 1)".

It was suggested in Chapter 3 that the content of the reports might also be influenced by whether or not the organisation utilised an S&EMS, as the ongoing measurement of information may facilitate the provision of more quantitative data. The interviewee from Org I acknowledged that their integrated environmental accounting system had proved to be "amazingly (Org I)" helpful in collecting data for S&ER.

To a lesser extent Org F, which used an uncertified S&EMS were "noticing that instead of running separate data processes, we're now getting a lot of our data out of group finance systems, so it's starting to really integrate a whole lot better (Org F, Interviewee 2)", and in Org G, which had ISO certification at all sites, "some stuff now is very system generated, so you press a button, you'll get a report, you'll get twenty trends and that's all fine and so it's quite easy. Other things, you know there might be a manual process for lots of different data series (Org G)". However the other cases that had organisation-wide ISO 14001 certification (Orgs D & H) did not use the EMS for data collection purposes in their S&ER.

Of the two cases that had EMSs with ISO 14001 certification at some sites Org B, despite having "data bases of data bases [where] we can pull [information] out easily", acknowledged that there were still challenges in "getting the information that is going to cover what it is that we need to talk about." And the interviewee from Org C noted "we're not a very IT savvy organisation (Org C)", and went on to indicate that it was a work in progress extracting that information from the EMS. In terms of the management and compilation of data for the external S&ER, the majority of organisations went through a similar process as that described by the interviewee from Org D:

> "The first step, we get the data collection templates set up and that collects all the different information parameters to satisfy the GRI parameters. Then those data sets go out to the sites and/or the functional owners of that data, [...] They then populate the spreadsheets. They then come back and the data gets consolidated (Org D)."

However one exception was Org J, who differed considerably in their approach:

> "[T]he way that we write the report is quite, I guess, two years ago, it was quite unique. I think our approach has now been copied. That's a good thing. Really

happy that other organisations are taking the same approach as us. What we do is we actually build a wiki. So if you think about Wikipedia, we do like a Org J wiki for our annual sustainability report. […] What we do is we send each of those individuals a brief and the brief is then mirrored on that particular page of the wiki […] What's powerful is, they can also see who else is working in there. They, the same way as in Wikipedia, you can go and see other parts so they can see how the whole report's coming together. From my perspective I can see the report sort of growing online. […] So we don't have to have those old issues of, you know, if you've got a word document, trying to manage who's done the latest bit, what's happening there, you can basically, you empower the organisation to respond and you empower the employees right at, you know, all sorts of different levels of the business to actually take ownership of *our* report and it's this collective thing. Very powerful (Org J)."

Each of the cases (with the exception of Org A) used the GRI Framework to varying degrees, ranging from simple guidance (Org C) to accordance at the A+ level with third party verification (Orgs D, F, G & J). The consensus amongst the interviewees was that of the available frameworks, the GRI is used because "it's the globally recognised framework (Org B)", or "a de facto standard, for want of a better word (Org D)", and as such "it allows for comparability (Org E)". The interviewee from Org G commented that "It's the most recognised, it's the one that's referenced, it's, stakeholders know what it is [...] it's best practice, we'll follow it (Org G)".

The interviewees tended to agree that "it's kind of the best there is out there (Org E)", and "[w]hat else is there really? (Org C)", with the interviewee from Org I noting "[o]h, I looked around [...] but the GRI just seemed to work best (Org I)", and similarly in the case of Org G "there was no alternative framework that we saw that was actually really viable (Org G)". However, whilst the interviewees agreed that the framework was useful: "I'd be sunk without it (Org H)", and valued it's flexibility, there were also common concerns expressed surrounding lack of clarity and the limited range of industry-specific supplements, and criticisms that "some of the bits are a little bit onerous (Org I)" and "it can be laborious (Org F, Interviewee 2)". Or in the words of the interviewee from Org G: "Some of the bits of the GRI I think are incredibly annoying and incredibly difficult to even prove that they're not applicable and so it's frustrating I

think (Org G)." Furthermore, there appeared to be evidence suggesting that part of the appeal of the GRI is that it is so commonly used, rather than its practical value:

"[I]t's almost like a mass now, there's so many people doing it that I don't understand how you would actually make up anything that would be better Org B)"

"There's no point reinventing the wheel (Org A)"

"If you're going to write a sustainability report and you don't do it to GRI, what do you do it to? (Org C)"

"[I]f somebody came along with a better one, I'd be very happy (Org H)".

Despite this, it appeared that the level of adherence to the GRI may have an influence of the content of the reports, with Org G noting that "obviously the GRI was intended that, here's a whole heap of indicators, you need to pick which are the most material and only report on those, [but] you basically have to report on everything to get an A+ because in order to prove that something is not relevant, you've done the work anyway, [...] you may as well put it in there and I think that kind of process would be better redesigned so that people don't feel they have to report on everything (Org G)". Therefore the consensus appears to be that the GRI, whilst with much room for improvement, is very useful to organisations in guiding their S&ER practices, and its use may have some influence on the type of information reported. Given the GRI Framework's emphasis on stakeholder inclusivity, which is necessary for the discharge of S&EAA, it may be considered encouraging that it is being utilised in some way by all of the cases studied. However, the results suggest that organisations use it more for legitimacy purposes rather than in order to meet the information needs of stakeholders.

The results of the interviews conducted in the first stage of the research suggest that in addition to the GRI, internal S&EA and S&ER systems and a consideration of the target audience may also influence the content of external S&ER. Content may include the provision of visual imagery and the interviewee from Org H noted, "that's actually another thing that the target audience makes you think about, is the pictures you use (Org H)." As discussed in previous chapters visual imagery plays an important role in the construction of organisational identities,

and there is little information in the extant literature regarding how such design choices are made. The first stage of the present study reveals that with respect to the design of the report in some cases "overall, whatever the flavour of that all is, we just get told that, we don't necessarily say what that is (Org B)", and "the corporate responsibility office has control of that. We work with designers and we set a theme for all of our publications for the year (Org C)". Similarly Interviewee 2 from Org F noted "that's done through our investor relations team again, so they do that in partnership with us but, I mean the look and feel and all the rest of it, we've just gone through a whole new Org F group brand, so our look and feel of our report this year will be very, very different [...] but that part of the process, thank God, is managed by investor relations (Org F, Interviewee 2)". Whilst the interviewees from Org F were not directly involved in the design process, they did acknowledge the power and importance of effective design strategies with respect to managing stakeholder relationships in the following exchange:

> "I think it's about, you know, just reflecting, I think design is an important element of this. It's a way of, has been an important aspect of Org F's social and environmental reporting previously (Org F, Interviewee 1)".

> "The [name[7]] report (Org F, Interviewee 2)."

> "The [name] report and also the, subsequently, so the opportunity to work with a, working with a, having the expertise of you know external designers and so on and you see the impact of what you can do. It is a communication kind of exercise, an advocacy exercise which is effective at, in some ways, but you know not effective at all, in meeting the needs for those who, obviously we understand, are completely turned off by those sorts of treatments, you know (Org F, Interviewee 1)."

> "Spin (Org F, Interviewee 2)."

> "Well it's not spin but (Org F, Interviewee 1)."

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[7] The name of the landmark social and environmental report produced by Org F and discussed here has been omitted to avoid identifying the organisation.

"It's not spin but from my perspective as an outsider, that [name] report was pivotal. Like that was a really, that was a milestone report. So it was brilliant. And that was the design, you know, I mean it's still called the [name] report (Org F, Interviewee 2)."

In other cases the design process was less structured, with the interviewee from Org E noting that "I guess it's up to me to come up with that basic idea and we have an internal designer who does that all for us as well (Org E)", and in the case of Org D such decisions were made by "[m]e [...]. In simple terms. I take advice of course and then we, and this year, it's slightly different in that the consultant has made some suggestions and given us some options so, myself and the guy I report to who is a GM for health, safety, environment and social, community stuff. So we sit down, have a look at it, what we thinks best (Org D)". Whilst the interviewee from Org H noted that a consideration of the target audience influenced the types of images used, they also acknowledged they had little understanding of how such decisions were made:

"No. I'm a scientist, he's a graphic designer. It's like fish trying to talk to seagulls. [...] Science is quite an absolute subject, so I can say, yes that statistic is right or wrong, design isn't. [...] So, yeah, [the designer], we all defer to each other on areas of expertise, but challenge each other. It's a good process (Org H)."

As noted previously the style of the document was also often influenced by a consideration of the target audience, with Org C favouring a more technical style and Org J tailoring the style and content to respective audiences. The interviewee from Org H noted that:

"We try and shift around the look and feel of it. So we try not to stay the same 'cause we're trying to keep it interesting. [The designer] is conscious that when you look at going back to your analysis of who reads it, that probably the most consistent readership is, would be employees, who are mostly, probably younger kind of people. So he very much favours trying to keep a magaziney, pick it up and dip into it sort of feel to it. I'm pretty damn certain that nobody has ever read the whole thing through as a novel (Org H)".

These comments were reiterated by the interviewee from Org G noted that they used a similar style. However Org G differed to Org H in that:

> "[W]e typically, what we tend to do is have piggy-backed off whoever the corporate marketing guys used for our annual report, we have said right, we'll use them for the sustainability report because it makes sense to have the same look and feel for both documents [...]. But what we do is we've used these guys for two years now, [name of designer], and the first time we used them we sat down and we spoke about what we wanted, who the audience was and what we wanted them to get out of it and so we were quite adamant that we wanted it to look more technical. We didn't want it just to be big pictures and no space for numbers and graphs because that tends to be what happens. It's either all text page or it's just too, yeah, too pretty. We didn't want cheesy photos of kids. We've got some kids but we don't have, or we feel that we manage to get rid of the, too much cheese. But you run out of, you know, last year's report before this had lots of wind farms, you run out of things you can take photos of actually. And so we sort of gave them that brief so that they could produce something that looked like a sensible, I don't know, not economic document but I guess an appealing but technical as opposed to a glossy magazine kind of sell document. And so they worked with us to kind of come up with those design templates but I mean it was our job to set up obviously the format of the report and then their job to find a way that the report format can work. So I think with the annual report, people, maybe we're harder to deal with with the designers, 'cause I'm like and we need those words. Like if they don't fit into the design, so I think we push a little bit more, change the design (Org G)".

With respect to the provision of photographs, and the subjects of those photographs, it is interesting to note that in the case of Org H, where "the corporate affairs group [...] do, you know, all the putting it together and picking out all the nice pictures and making it all look, etc, etc." the interviewee similarly noted that photos of wind farms had been overrepresented in their previous reports, and commented:

"I've worked very hard and, to reduce the number of wind farms pictures appearing in our sustainability reports, only partially successfully. [...] Left to their own devices, it would have been all about wind farms. You would have thought we were nothing else (Org H)".

Alternatively in the case of Org B the interviewee noted somewhat cautiously that when it came to determining the inclusion of images "I guess I do. We use, when the business overview and the annual report get produced they have obviously an external group, do all the images and the design and all that for that and we use them as well for all of our graphs and our sort of, the high level images, but the images in our report have essentially come from our sites. We don't go to them and get stock shots or anything. If we want an image of something that we're talking about we go out and get that image. We don't just sort of put crap in (Org B)".

Whilst the above comment from Org B suggests that graphs were constructed by an external designer, in the case of Org I "Well I just design them and use them. […] I'll provide some graphs for some data and I provide in a sort of a standard format for documents at [Org I], so the graphs will suit that sort of standard [...] but you know, but any content that I go to put in as far as graphs and photos and stuff, I decide 'cause whatever fits the data that I need (Org I)". In the case of Org H a more collaborative approach to graphical presentation was used, with the interviewee noting that:

"We discuss, so graphs have technical content and they have communication content and they have graphical content, so I talk about the technical content of them. What it's a graph of, whether it makes sense, is it the right metric, is it the right axis, is it the right time period, we have a discussion about what kind of message we're trying to get across with that graph and what kind of supporting text might go with it to explain what it means and [the designer] will try and make it as clear and interesting as possible as a graph. Make sure that it actually does that as well but, like I say, we'll all be discussing each other's. I'll have a view on his graphical presentation of the graph. He might have a view on the nature of the metric that we're putting in. [The person responsible for Corporate Affairs] might have a view on either of those things as well. It's all legit (Org H)".

Upon completion of the data compilation and design decisions such as the look and feel of the document, and the inclusion of visual imagery such as pictures, photographs and graphical presentations, the final step in the S&ER process prior to the publication of the external report is getting the report signed off at the CEO or board level.

The Sign-Off Process for the Reports

The degree of stringency of the sign-off process varied, with the interviewee from Org G noting rather vaguely that it involved "The Board really, yeah", whilst the interviewee from Org E stated that "[w]e also have a quite in-depth approvals process in Org E. So each of those business units who contribute their executive directors need to approve the information and then we have what we call external approvals process, so legal, corporate affairs, investor relations and overall executive director, I'm missing one, but basically there's five different aspects that need to sign it off before anything goes public (Org E)", and a similar process was used by Org B. In the case of Org C: "Ultimately we have a sign off process for the report and the sign off process involves an editorial committee, so individuals that have been charged with the first pass of content review and then it goes to the steering committee then it goes to CEO and then it goes to various site heads, VPs of business units and then the CEO. The Board get visibility but don't sign off (Org C)".

In the cases of Orgs B and D "[t]he process for signing off the report is very iterative (Org B)" in which "it goes through a review process of, the people that provide the data re-check the data and then the story lines, then it goes through out legal people for a review, then it goes through our corporate affairs people for a review, which is our external relations people (Org D)". In those cases where the sign-off process was less collaborative Orgs C, E and H emphasised that it was common for those signing off to request editorial changes, with the interviewee from Org H noting: "there's always something comes back". Conversely Org G commented that there were "not a lot of changes" in the sign-off process, and similarly Interviewee 2 from Org F noted that with respect to requests for editorial changes: "The chairman can do so, yes, I don't think it common (Org F, Interviewee 2)." In those cases where editorial changes were requested in the sign-off process, the interviewee from Org C noted that:

"So with the first report there was numerous changes because it was our first. And with last year's report you know, there was some changes but not to the degree of the first and it would be interesting to see how we move with this third report [...] the structure of the report, its content and framework is consistent with past years. Obviously the information that we put in there, some may have views on the various sections that they haven't taken the lead on as to whether or not we should be including X or Y (Org C)".

The interviewee from Org E noted that requested changes prior to signing off involved "[c]ontent. Don't want to disclose information. [...] Sometimes include extra information but more often you know [the former] (Org E)". This was reiterated by Org D "because we work, we decided on the layout, we go through a process to decide layout which they don't necessarily input into. We seek their advice and concurrence but they don't make a call on that. They're more concerned with the content (Org D)."

Information regarding the sign-off process, and the types of changes requested by the Board before signing off is important as it indicates the type of impression the Board wishes to portray with organisational S&ER, their degree of involvement in constructing organisational identities and their support for balanced S&ER. As noted previously there was not necessarily a correlation between Board level support for internal social and environmental management and external S&ER, as was evidenced in the case of Org H:

"They absolutely are [supportive] in terms of doing stuff *inside the company*. How they respond to a fatality inside the company is exemplary. Extraordinary board meeting called, no excuses, doesn't matter where you are, doesn't matter what the time zone is, and if it goes for six hours, and it's three in the morning for you, stay awake. You know, people will be flown in, directives will be, we've walked away from a, on one occasion, we've walked away from the client. They were an aluminium mill in India and when we did the investigation, you know, which is in a tiny part of the business, far away from scrutiny, hard to even get to, in a part of India where for you know sort of social unrest reasons, it's not even all that easy for a white person to go there and you know, we had to organise police escorts to get our people there to do the investigation. And then

the client was very unwelcoming. Anyway, they dug down and found out what was wrong, and we just said it's a fucking miracle this hasn't happened ten times in the last week, you know. Like this place is just a disaster, and so they walked away from the client. That's fantastic, and *I* think is a fantastic story which I would have loved to have been able to tell. Never made it into these pages I can tell you (Org H)."

As noted above the content of the reports was in all cases determined in part by the GRI Framework. The GRI is based upon the principle of stakeholder inclusivity, which requires engagement with stakeholders. As discussed in Chapter 3 stakeholder engagement in the reporting process is the third step in the normative model, and is necessary to determine for what it is that the organisation is to be held responsible. An overview of the stakeholder engagement processes undertaken by the cases in provided in the following section.

7.3.3 Step Three – Active Engagement with Stakeholders in the Reporting Process

As discussed in Chapter 2, in order to discharge S&EAA, organisations must provide an account of social and environmental activities to those to whom it is responsible, or in other words those who have a right to know. However, as noted in Chapter 3, evidence from prior research suggests that the organisation may not be best placed to determine for what it is to be held responsible. Therefore Step 3 of the normative model requires active engagement with stakeholders to determine organisational responsibilities and ensure that stakeholder needs are addressed. It is interesting to note that whilst each of the cases could clearly identify their target audiences, they had more trouble identifying who might be the key users of the reports with the interviewees from Org C noting, "how many people actually read our report, hard to say", and Org D "it's difficult to gauge." Orgs F and G reiterated this, and the interviewee from Org H commented:

"That's a really good question, that's a really, really good question and I often come back to [a poem by Mark Twain] that says, I fired an arrow into the air, it fell to ground, I know not where, I've lost a lot of them like that. And that's a bit what sustainability reporting is like. You go to all this effort writing this beautiful report and agonising about which pictures you use, […a]nd you know

in the end, you wonder whether anybody's read it at all. Except the editing team and there's not a whole lot of evidence that I've ever received in the six years of doing this that anyone else ever has (Org H)."

Where identified, users were commonly seen as being shareholders, investment fund managers and analysts (Orgs A, E, F, G, H & I), existing and potential employees (Orgs B, F, H & I), community partners (Org E), and "[p]robably peers. We all look at each other's I think (Org E)" "for benchmarking purposes (Org F, Interviewee 1)". The interviewee from Org I also identified government and customers as main users, while the interviewee from Org G commented "I don't know that customers would particularly be reading it but I think for customers it would be a, oh this organisation has one of those things, there's a part on their website that says sustainability, okay, that makes me happy, I don't need to go in and read it necessarily, and the interviewee from Org H made a similar comment with respect to clients, noting:

"it's widely used in our business proposal process as part of the answer to questions that, contained in tenders around, you know, what's your attitude to sustainability, what have you ever achieved and stuff like that. [...] So, do they read it, who knows, but it certainly answers a question they've asked us. So, I guess that's kind of like reading it (Org H)".

Several of the cases had attempted to obtain feedback regarding the readership of the reports (Orgs D, F, G & H). However these attempts were largely unsuccessful with the interviewee from Org G noting "like every year you put feedback, we've had feedback forms, we've had email addresses and you know, no-one, that gets spammed", and Org H: "You know one of the things we crave is feedback, particularly intelligent, critical, informed feedback. We get almost none of it despite our many in tangent efforts. A lot of people say, oh it's fantastic, you know, it's great, best thing ever produced. And you say, yeah, you know, what was in it? Oh, I don't know, nice colours." Org C reiterated these comments: "So it's really quite interesting. So when you ask me the question, I think you asked early on, why do you do this, and we think we do this because stakeholders want to know but I'm not really seeing evidence (Org C)".

As noted in Chapter 3, engagement involves two-way dialogue. One-way communication methods such as feedback mechanisms and surveys do not constitute engagement activities.

Whilst most of the cases had implemented some form of feedback mechanism (Orgs B, C, D, E, F, G, H & J), or undertook internal (Orgs A, B, C & F) or external (Orgs C, E, F & J) surveys, engagement in the form of active two-way dialogue was less common. The interviewee from Org D noted that in preparing their most recent report:

> "[W]e've done some interviews with some of those stakeholders as to what they would like to see in the report. Before in the previous years we've sort of made an assessment intuitively or from what we read about what they would like to see in it from some interviews we have with them, what they expect to see in our sustainability report but this year we've gone a bit more, formalised the process a little bit more. I wouldn't say it's reached its conclusion but we've actually engaged with them and said, what do you think of the report, what areas would you like to see more of, less of and what areas would you like to see us focus on (Org D)."

As discussed in Chapter 3, stakeholder engagement is necessary to determine for what it is the organisation is to be held responsible, and it is important that the outcomes of engagement are fed back into S&ER to ensure that stakeholder needs are met. Stakeholder interviews were also conducted by Orgs E, F, G, H, I and J "to try and identify what we should be talking about (Org H)". However in the case of Org H these interviews were restricted to internal "interviews with senior execs and sometimes staff as well (Org H)". As discussed in Chapter 3, the internet offers the ability for organisations to engage in real time two-way dialogue with multiple stakeholders in dispersed geographic locations, and as noted by the interviewee from Org E there is an expectation from stakeholders to not only have information more frequently updated, but also "in a form that best suits them which they can interact with (Org E)". However, only the interviewees from Orgs E, F and G noted that they use online social media to engage with stakeholders, with both Orgs E and F using Facebook, although "[t]he Facebook thing, there's no dedicated sustainability stream or anything but we do use that when we can (Org E)" "if issues come up from stakeholders in that (Org F, Interviewee 2)". Org E also used an online blog, as did Org G, with the interviewee also noting:

> "But what we sort of, did for the last two years, is we ran a sustainability webcast, so we were kind of one of the first in Australia to kind of have a focus,

a specific focus webcast on our sustainability performance and so that was done upon the release of the report and there was investors, and we thought we'd get a lot of niche ethical investors but also our main analyst for our sector as well as media and so our CEO ran through all our main headline results and then there was an opportunity for questions and that was, it was really robust, there was a lot of questions and you know, I hadn't really sat in on the normal investor webcast before but they were all sort of, oh my God, normally they don't ask questions and this was like a really good opportunity for them to kind of poke and pry and get a bit more understanding (Org G)".

Interviewee 1 from Org F noted that "we have gone through [...] a systematic process of stakeholder engagement and a materiality process to identify responses to issues which they raise", and that "the proposition is that stakeholder engagement should occur when it needs to occur. [...] So, it's devolved into the business (Org F, Interviewee 1)", which was also the case with Org J, with the interviewee stating:

"I guess I'm of the view that it shouldn't just be a sustainability process [...] We've got a government relations team who has strong engagement with local, state and federal government as well. They've often able to kind of collect up what they're hearing through their issues reporting that they do on a monthly basis. So it's quite rich. It's quite, it's not just like, we just do one survey and that's it. We actually focus on each of those stakeholder groups and kind of work through a tailored process of trying to understand what are those material issues. We then pull that together and work closely with our risk teams and also our strategy leads because, my view, our view, is that sustainability materiality is absolutely got to be informed by a risk matrix and strategy. So we work through that and prioritise based on their feedback (Org J)".

Specific engagement mechanisms utilised by Org F included focus groups and an external advisory council consisting of "a number of key sustainability thought leaders in the country who meet on strategic issues with our CEO. [Y]ou know, having that voice directly with her, which is a really strong mechanism (Org F, Interviewee 2)". Org G used two external advisory councils:

"which generally includes NGO representatives. What we tend to do each year is give a draft of the report to those guys. So whether it's the whole report or just their particular chapter sort of depends and get them to provide any comment but we're kind of at the point now that that was really useful a few years ago but our reporting is good now and they've given their feedback, we've taken on the things that we can, it's sort of at the point of, we can't really make much more changes or the things that they want, we're like, yeah that would be awesome, we'd love to have that data too but it's just not possible, it's not effective or it's a competitive thing that we can't put in the public domain. So we sort of still do that process but I'm not sure that it's creating massive change anymore, but it did (Org G)".

Org E had plans to implement an external advisory council and in addition to the engagement practices discussed above also held a workshop "with internal stakeholders asking them, you know, to really be proxies for their stakeholders [where] they came to represent the stakeholders that they liaise with closely (Org E)". The types of stakeholders involved in engagement activities ranged from "general community and customers" (Org E) to "industry associations" (Org I), "NGO representatives" (Org G), and "government" (Org J). However with the exception of Org C more passive communication methods such as surveys tended to be directed towards employees, and these stakeholders were found to be the most likely to respond to more general requests for feedback (Org C), with the interviewee from Org H noting that "[w]e ask our contract managers to seek feedback from our clients. That's never worked at all. I don't know whether it's because our contract managers haven't asked or our clients have refused to read it or have refused to give us any feedback but they all end up with the same answer which is, no feedback (Org H)."

Those cases that did engage with stakeholders did so for the purposes of determining materiality to stakeholders, and thus engagement went some way to determining the content of the reports, with the interviewee from Org C, which communicated with stakeholders predominantly via passive communication methods commenting:

"I'm always surprised when I lay it out at the start of the year, I sort of provide guidance around each section being X number of pages and then I go out with

my briefs to say, provide this content for this section and then I realise there's no chance in hell, I'm never going to reach two pages or three pages for that section because there's just so much to say. So, and that's perhaps a little bit more stakeholder buy-in, in terms of what is really material is what's needed but we're not getting it (Org C)."

Conversely it appeared in the case of Org B that there was information that was material to stakeholders that was omitted from their reports, with the interviewee noting "we've had questions from stakeholders coming and saying, oh I've heard you've got an operation in Zimbabwe, what's your policy on AIDS and stuff like that. I'm like, well, we don't even mention Zimbabwe in our whole report because that facility is so small that the, like it just doesn't roll up, the data doesn't roll up (Org B)."

That some organisations are engaging in dialogue with stakeholders to determine materiality suggests that despite a lack of clarity amongst the cases regarding the users of their reports, stakeholders do have some interest in the information reported. Therefore it is important that these stakeholders are able to rely upon the information reported. One way of indicating that the information is reliable is through the provision of external assurance for S&ER, which is the fourth step in the normative model and is discussed in the following section.

7.3.4 Step Four – Provision of External Assurance

As noted above and discussed in detail in Chapter 3, the provision of assurance for S&ER is one way of assuring a degree of reliability, and this proposition was supported by some of the interviewees: "I think it definitely adds value to the stakeholders in that they've got some confidence in what you're actually, they need to trust an organisation and sometimes they don't do that so by having an assurance statement in there it gives them confidence in what they're actually reading is true (Org D)"; "I think it is really, really important. I think you know if we're going to have a reputation like financial reporting then that independent assurance is a very important process (Org E)"; "It's also a good process to make sure that you are addressing those material issues after they've checked you've identified them and the data collection, well you've just got to do that for any disclosure I believe. So, I just think that that's good management (Org F, Interviewee 2)"; and "I think if you're doing a full GRI report, and it depends on how you

present it, you know. If you don't have assurance, what are you saying, that you're lying? You know, it's, especially when it comes to safety stats and others (Org I)".

However, the value of assurance practices was also questioned, with the interviewee from Org C commenting "I think there's a general understanding that external assurance brings credibility to your disclosures […]. Has that been proven? I'm not too sure. I haven't seen any evidence or research to suggest that." Of those cases that did not provide assurance for their reports, it was noted that "[y]ou know, it's always comes down to a cost benefit issue (Org H)", and:

> "I mean, there are parts of the data that I know we could get assured but at the moment, first of all it wouldn't add value to the business to have it assured. There's no one asking us why we haven't had it assured. And secondly, some of the systems for collecting, particularly like HR data, so the number of people we have in organisation, those sorts of things, each of the businesses have their own separate systems and trying, trying to do that would just be an absolute nightmare. There's no value add for us at this point in time (Org B)".

Of the cases studied Orgs D, E, F G and J obtained external assurance for their social and environmental reports. As discussed in Chapter 3, external assurance may be undertaken by accountant or consultant assurance providers, and there has been some debate in the literature with respect to who is best placed to provide assurance for S&ER. Of those cases that provided external assurance for their S&ER, there was a mix between the use of accountant and consultant assurance providers. Org F was the only organisation to use an accountant provider for the assurance of their entire report. However, Interviewee 2 noted that "it was not a targeted approach to go with 'the big four', it was, we went to tender and theirs was the most suitable in a tender process [and] it's not the audit team from [name of assuror], it's an actual risk and assurance business that is specialised in sustainability assurance, so it's a specialist team that sits within [name of assuror] (Org F, Interviewee 2)."

Orgs D, E and G all used consultant providers, and when asked why the interviewee from Org D, after giving the question careful consideration commented that "I don't think we've ever actually articulated that position but for me it's, I think, those consultants have a better understanding of the world and a lot of, and some of the data and information and the stories are not quantitative

type stories, so, I think a broader view on sustainability and performance measurement as opposed to an accounting numbers thing is better (Org D)". Org G had experience with both accountant and consultant assurance providers and was thus able to provide a perspective on the differing approaches between the two:

> "So we used to use [name of accountant assuror] a few years ago when we first started reporting. That was very focused audit on a number of environmental data points. So that was going right down into the detail and you know five numbers in the report, which was useful 'cause we were just getting started but then we decided, look that's not as valuable anymore cause there's a the whole rest of the report that we've got no testing over. So now we use the assurance standard and we've [name of consultant assuror] doing it and so that's just that general look over. From my perspective, I don't really care if it's 21 tonnes of waste or 21.4 tonnes of waste. I care that it's in the order of magnitude and that's what they're checking. So they're not going back and checking everything single invoice to the nth degree, they're checking that, overall, we're tracking waste, we've got a place to put all the information, it adds up to the right amount and it's, and that's what we need for this because it's not, yeah, so that's useful (Org G)."

Whilst Org F used an accountant provider, and Orgs E and G used consultant providers, Org J were unique in that

> "what we did is we went out to tender and in the end we awarded the AA1000 component to a boutique and the greenhouse gas emissions piece to the accountancy house that does our financial audit, to integrate it more with the financial audit and the fact that they are working with our finance teams and that given that carbon effectively now is \$23 a tonne, it's now a financial consideration for the organisation and needs the same level of scrutiny but also we're embedding that accounting into our finance systems as well. So it reflects that kind of progress we're making in that space. And you might say, well why don't you just give your audit partner the whole gig? We feel very strongly about AA1000, we feel very strongly about having leading accredited practitioners leading that process. Our sense is that those leaders *truly* understand the

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importance of materiality as seen through the eyes of stakeholders and I'm yet to see the large accountancy practices demonstrate that here in Australia. [...F]rom our perspective at the moment, the boutiques have a real strength, real capability in that responsiveness, identification, responsiveness to stakeholders, they really do get AA1000 and that's a powerful thing for us (Org J)."

Regardless of whether an accountant or consultant provider was used, the interviewees suggested that the use of AA1000 was the most desirable aspect when selecting an assurance provider, with Interviewee 2 from Org F noting "in our tender process, we only asked for AA1000 qualifications and it was simply a matter of who was the best organisation to provide us with the services", and the interviewee from Org E "we find that the most useful because we are obviously very concerned about the accuracy of the data, definitely, but also that whole, the completeness of the story. Are we, you know reporting on what's material, are we reporting on what our stakeholders want to hear and we feel that the AA1000 process and standard really has a good set of principles that try to ensure that (Org E)."

It was suggested in Chapter 3 that consultant assurance providers may be best suited for the discharge of S&EAA due to their greater propensity to use the assurance standard AA1000, which as with the GRI is based upon the principle of stakeholder inclusivity. Engagement with stakeholders is essential for determining for what it is that an organisation is to be held responsible, and the provision of assurance helps ensure that stakeholders can rely upon the information reported. However, it is not possible for organisations to engage with all relevant stakeholders, and thus the final step of the normative S&EAA model requires engagement with stakeholders in the assurance process. The purpose of this step is to endeavour to ensure that responsibilities to stakeholders are identified and addressed, and is discussed further in the following section.

7.3.5 Step Five – Active Engagement with Stakeholders in the Assurance Process

Active engagement with stakeholders in the S&ER process is required in order to determine for what it is that the organisation is to be held responsible. However, as discussed in Chapter 3, there may be some stakeholders that are significantly impacted by organisational activities yet are unable to effectively participate in organisational engagement exercises. In the present study

these difficulties were evident even with primary stakeholders such as employees, with the interviewee from Org B noting "trying to get a representation from the global business is really, really difficult when you've got language barriers and stuff like that", and similarly in Org D: "we operate in Australia, in PNG, in Indonesia and a couple of other little exploration projects around the place but engaging with some of those audiences like Indonesia and PNG is a little more problematic, due to education and their ability to articulate arguments but we try and there's an area where we need to do probably improve upon going forward which we will (Org D)."

These difficulties emphasise the importance of active engagement with stakeholders in the assurance process, which is the fifth step in the normative model. As discussed above, each of the cases providing external assurance for their S&ER used the AA1000 assurance standard, which is based upon the principle of stakeholder inclusivity. Interviewee 2 from Org F acknowledged the importance of this, noting that "the first piece is the principles testing, under the assurance, so we get that over the line very early in the piece, around April. [...] Principles testing, the principles of responsiveness, inclusiveness and materiality (Org F, Interviewee 2)", and in the case of Org E: "[w]e have an assurance process which interrogates, goes beyond the reporting to interrogate the terms of which our systems and processes for managing social and environmental performance meet the needs and respond to the issues that stakeholders have raised with us." However, none articulated the benefits of engagement with stakeholders in the assurance process so much as the interviewee from Org J, who commented that:

> "I strongly believe that the assurance process can be a very, very powerful mechanism for I guess building a drive for continuous improvement right across the organisation and really focus minds on listening and engaging with stakeholders and understanding what their particular needs are. [...] And I think partly it's also, it's just the conversations that you have with those boutique providers. They're rich, you know, it's more than just checking off a number, it's the reflections, it's the ah ha moments that they have with stakeholders, with Board members, with the Executive Committee members, with you know, people at all levels, you know, it might be a facility manager out in a shopping centre, just the richness is very powerful and hard to quantify (Org J)."

This section has discussed the responses from the representatives of reporting organisation interviewed in the study in order to provide a richer understanding of organisational S&ER practices, and whether those practices appear to discharge S&EAA according to the normative model provided in Chapter 3. However it is not sufficient to simply undertake all aspects of the normative model. As discussed in Chapters 2 and 3, organisations must not only engage in internal S&EA and external S&ER, they must do so due to a *recognition of responsibility* to a broader group of stakeholders than simply those with an economic interest in the organisation. Therefore, the following section discusses the interviewees' views on why their respective organisations chose to engage in external S&ER, and whether those motivations appear to be indicative of a recognition of responsibility.

7.4 Organisational Motives for S&ER

As noted above if an organisation is to discharge S&EAA they must engage in both internal S&EA and external S&ER, and must do so due to the recognition of a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation. A variety of reasons were cited by the interviewees when discussing organisational motivations for S&ER. As noted previously at the time of the interview the interviewee from Org A had only recently convinced the Board of Directors to approve the development of their first social and environmental report, and noted that their reluctance up until that point was due to the fact that

> "[t]hey're scared. Absolutely. Terrified. Some of them absolutely terrified. Don't want to be seen as green, don't want to be seen as you know, touchy feely greenies because we work for all the big industries right and to be honest, senior management, a lot of the Board members, you know a lot of these people, they're older and they've come from a time where environmental social stuff had a very negative connotation. One that means that if you're in the service industry and your customers are on industry side, they look at these guys as the bad guys, we don't want to be in line with them, we're your friends, blah, blah, blah and so I think they were just absolutely terrified. It was unknown territory, they didn't understand it. The first few times we tried to explain it to them, we did a pretty poor job of explaining it to them, so that reinforced their fears to be honest. So,

yeah a fear. But once, you know, it's like anything, once you know what's actually involved you can start to see through your fear and start to see that that was probably irrational and I think that's where we got in the end (Org A)."

Having resolved that fear, their reasons for engaging in S&ER were because "we did a complete analysis last year and we determined that we weren't aligned with our customers. So in other words, our major customers are all doing, you know, some form of CSR reporting disclosure and various programs and so on and so forth. And increasingly our customers are demanding that their supply chain act in a similar way and so we need to bring ourselves in line with that (Org A)." In the case of Org I "for us it's around government investors asking for information and us going, well okay, we probably don't have the information, the noise is getting a bit louder on that front and we need to respond to that (Org I)."

Whilst in the cases of Orgs A and I S&ER was in response to stakeholder demands, these stakeholders were those with an economic interest in the organisation, and it may be argued that this falls under the category of the 'business case' for reporting, which as discussed in Chapter 4 does not discharge S&EAA. Similarly the interviewee from Org G was very frank in stating:

"I guess our main reason why we do sustainability and hence sustainability reporting is, sometimes we're a little bit different to other organisations, you hear a lot of rhetoric about, we're doing this because it's the right thing to do or we're giving back to the community and we want to be a responsible corporate citizen. We don't take that angle. For us this is about business sustainability so it's all about, we want our business to be here in the long term and we recognise to do that, we've got certain obligations that we have to do and we're doing it for business reasons. We're not doing it because we feel this sense of moral obligation to make the world a better place. So a lot of us have those values personally but the reason why we do it is, it's a business issue. Like, so we're a listed company, we can't go spending shareholder funds, giving to every charity under the sun, you're not allowed to really, it contravenes what you're supposed to be doing. [...] I mean it can be a subtlety but yeah we do shy away from that sort of save the world kind of messaging (Org G)."

Despite undertaking all steps of the normative model and engaging in a broad array of engagement and reporting activities, 'business case' motivations and an economic focus were also expressed by the interviewee from Org E, who noted "[w]e've had groups of investors come here from Europe asking us about different aspects of our sustainability approach and the report is just an easy way, you know, we can summarise each year, what that is. The Board all have, you know, their interest in sustainability as well and want to see that reported. We have, I guess, global indices which we want to perform well against. So the DJSI, the FTSE4Good and there is an expectation from those kind of movements or ratings that you report publically on these things (Org E)." As discussed in Chapter 4, aspects of the 'business case' include reputational benefits and competitive advantage, which appeared to be motivating factors for Org H, with the interviewee commenting that

> "I wasn't around when they first decided to produce a report. I'm pretty sure at that time though it was because the heart of their business was the oil and gas industry and one of the real gates of entry to that business is having an outstanding safety performance, very specifically, in particular. And Org H always had a very strong safety culture and a very good safety performance and so I think they just wanted to document that so that whenever anyone asked, they'd say, here it is. They chose to try and be industry leaders in that. That's not sustainability reporting, that was safety performance reporting basically. [...] When we went to sustainability reporting, that was still a valid reason, we're still trying to, in effect, tell our story, because we think it's a good story and you know, there's been some debate gone on over the years about who we're really telling the story to and what the story is. There's been some vigorous debate about telling our story versus disclosure, obligations, and that comes back to who you're telling what to. That's an ongoing debate. But in short, I think it's because companies like this one don't actually get all that many other opportunities to talk about their, I could either call it the human side or perhaps better would be their non-financial side, and so it's in a sense, a way to provide another face to the company to whomever might read it (Org H)."

Reputational benefits were also cited by the interviewee from Org D, who noted that whilst "there's some external stakeholder expectations that we report on our performance in the sustainability space (Org D)", S&ER was "a means of being able to establish our credibility in that area. An outward expression and, of our performance and where we're going, what we do, how we do business (Org D)." However, responding to stakeholders' expectations is an important step towards the acknowledgement of responsibility, as occurred in the case of Org F, in which:

> "Starting point I think, so that's 2001, was very much from a sort of realisation around the sort of shifting expectations on business. As I said coming from that as a starting point was more from an issues and reputation point of view, you know, the comparatively, enduring and sort of contractible issues in the banking environment, at that time, branch closures and new fee regimes and executive remuneration, those sorts of things, which had got to the point where it attracted management and Board attention and required an explicit response, so which sort of gave us sort of port of thought and the opportunity to kind of reflect more deeply on kind of what was happening and why. And to sort of step outside of maybe some mainstream public affairs or reputational ways of thinking about what was happening, which weren't really delivering the answers, any particularly compelling answers. So having gone through that stage, it was a reasonably short step to understanding that what was happening was an experience in sort of a sea change in expectations on business. And from that, you understand, the way to respond to that was to be explicit about understanding a transparency agenda and being more transparent in terms of what the organisation stands for and thinking about material issues and understanding material issues and beginnings of formalised stakeholder engagement and so on. So that was the starting point. Very much from a sort of outside in stakeholder perspective if you like (Org F, Interviewee 1)."

In the case of Org J it appeared that there was a mix of both 'business case' and S&EAA motivations for S&ER, with the interviewee noting "I think there was a sense that there's this interrelationship between strategy, performance and reporting and reporting the actual document

or website itself is quite a small component but reporting provides a really important role in terms of accountability, framing targets and reporting on those targets and it really does underpin and drive continuous improvement so it kind of keeps you to account and it kind of feeds into that sort of annual cycle of improvement across an organisation. I think it also keeps you true in terms of listening to stakeholders (Org J)."

As with Org F, in the case of Org B S&ER was initially undertaken for 'business case' reasons because "[t]here was a gap identified in Org B back in 2004 that this sustainability thing was up and coming and we didn't have anyone addressing it" (Org B) which then led to reasons for S&ER including: "[t]o communicate our performance to stakeholders, would be one. Well, really that's the main reason isn't it, to communicate your performance and to be a good corporate citizen in terms of saying what it is that, what are the challenges that you're facing and what are you doing about them and what have you done this year and what will you do differently next year [...] So it's staying ahead of the game which is really, really important (Org B)."

Of the cases studied the only interviewee to acknowledge that S&ER was solely due to a broader responsibility was that of Org C, who stated: "[w]e do it because we believe it's important that we're open and transparent about our operations (Org C)." However, in practice it appears that this transparency only extends so far, with the interviewee noting that with respect to the reporting of information that might be considered to be bad news their approach was "cautious (Org C)". As noted by the interviewee from Org J "[b]alanced reporting is just so important (Org J)", and in the case of Org F "[w]ell we believe you have to, it's as simple as that" (Org F, Interviewee 2) because "you just sort of accept the proposition that this is based on a) a materiality process or b) that you're seeking to meet the expectations and needs of you know the legitimate needs and expectations of stakeholders around these issues and it kind of follows that you're going to have to have a transparent and sort of robust you know discussion (Org F, Interviewee 1)." Furthermore, "the report has more integrity if it's balanced (Org E)", and as suggested by the interviewee from Org H "I think being honest about your issues is actually more compelling than spin and greenwash but some people have incredible faith in their ability to fool everyone else (Org H)."

However, despite the importance placed upon balanced reporting, in some cases it appeared that this was difficult to implement in practice. For example it was noted that in Org D whilst "it's pretty transparent. We do need to be, and it's a more recent phenomenon but more cautious in the legal context of what we do and don't say and that's for litigation purposes (Org D)". Similarly in the case of Org E "I guess we have to be very careful about what we say which I think is one of the biggest impediments, you know just is that, what will be the public response, the investor response to the information that you have in the report (Org E)." Furthermore, amongst some of the cases there appeared to be a focus on 'good-news' stories, with Org B noting, "we like to, as well, position the report in a positive light." Even Org D, who as noted above commented upon the transparency of their reports, also noted, "whilst we're into asking sites for information on the data we are also searching for good, stories, good and bad but mostly good (Org D)."

In those cases in which there was some reticence about reporting what might be considered bad news, the interviewee from Org E noted, "I think we still have a role in educating the business about the importance of balanced reporting, transparency reporting, for the sustainability reporting medium as opposed to other kinds of reports. [...] I think we're definitely getting there. I think it feels, well from just being here five months, it feels like there is a desire to report more and to be more transparent. It's almost a bit of testing the waters stage. We continually try to push the organisation to disclose more and more information so I think it's kind of a baby steps process (Org E)". In the case of Org I the interviewee noted, "I don't think we've got acceptance that sustainability reporting is about frank and honest and you know, sometimes putting out that we're not doing so well isn't necessarily a bad thing either but I think we'd have difficulty putting out those stories." The interviewee from Org C commented, "I think the view is that with the information that we come across we always make a call on what value is there in that information being made public. So, and it's a case by case situation, so, and we're quite conscious of the risks that transparency may have on the business and reputation so we take that into consideration (Org C)", and in the case of Org H:

> "[I]t's a constant struggle to get bad news reported and a real struggle. So, on occasions I've tried to put together good news stories about situations where we've, say had a fuel spill or something like that and responded really well to it.

Because I see that as a good story and that's generated, oh you can't put that, you know, we're not supposed to have fuel spills, I know but everyone has fuel spills. A lot of people struggle to get past that point. In safety we were very fortunate, for a number of years we went without having any fatalities. We had one in 2002 and then we went for quite a few years without one, although we did have some very nasty injuries in that period and then just in the last few years, we've had a little run of them. Not lots but any more than zero is more than would wish, but a couple each year. Car accidents, industrial accidents, stuff like that. And I want to talk about that and at least in one year, we received an almost direct instruction not to talk about that and there's still some real ambivalence bordering on schizophrenia about how to talk about stuff like that. It's a very challenging thing for a company to do. And we're not good at it (Org H)."

Even amongst those organisations who acknowledged the importance of balanced reporting, in Org F "[s]ometimes if they're tougher issues, to make them talk about it is a bit of argy bargy, so the issue of interest rates this year has been interesting in terms of getting business units to talk about it. So, sometimes if there's sensitive business issues, you get a bit of, not push back, but you have a robust debate" (Org F, Interviewee 2), and whilst Org G did report 'bad' news, this was "because generally speaking bad news gets in the public domain anyway and it's better to be on the front foot with the full story (Org G)", suggesting that it is of benefit to the business to provide balanced information. The interviewee also indicated that the reporting of information regarding activities that may be considered unfavourably was also undertaken in an attempt to alter stakeholder perceptions of those activities:

"This year we've got a lot of, it's tricky, cause there's a lot of community opposition to coal seam gas and so we've put in you know, what the community, like there's been incidents that haven't created environmental impact but have been reported in the media like they have so we've had to sort of put them in, this has happened, we acknowledge it's happened, and tread that fine line between saying, but it's been badly reported and these are the actual facts. So it is tricky to get that right without sort of, and also dismissing community concerns because they're legitimate that they those concerns but in the same

time, you don't want to validate them necessarily where they've just been, you know, we have, the opposition groups to coal seam gas, they employ professional protestors, they're not grass roots community necessarily. It's political and so it gets very difficult because they're not necessarily legitimate concerns, they've been filled with misinformation and it's really hard. [..I]t's crazy the amount of community concern and which means we're doing something wrong. (Org G)."

Similarly in the case of Org J the interviewee noted that they did endeavour to provide balanced reporting and also noted that there business benefits in doing so, stating:

"I'd like to think we've really evolved on that and I think it's actually been quite powerful for the business because I think the first time we really started talking about things that are really balanced probably was in our reporting. It was probably an easy place to start kind of talking about things that didn't work. And I think we've got better at that in all sorts of channels and in all sorts of environments now reflecting on things that haven't worked well for us and having the courage to do that and we know that that builds trust and I think it was a big learning for a lot of organisations during the GFC. So where did this come from, how did this start? So I recall back to when we did our first sustainability report, six years ago, and after we delivered our report I remember having a discussion with an ESG fund manager and he said to me, [Interviewee], great to see Org J finally do its first sustainability report. Mind you I think back then we were one of the first in the property sector, but still, he made that comment. He said, look, really good, you put it out there, you've said your bit around what your areas of focus are, great. However, if you deliver a second report like your first report, it will go straight in the bin. He then went on to say that, your first report is great but it's all happy days, all happy news, you don't have any metrics yet but obviously you're pointing to what the metrics might be like, but it's just, it's kind of nice, very positive, happy story. He said, as fund manager, I want to really know what's going on. I want to see the good news, I want to see the bad news, I want to see it all, put it out there, and I really want to understand what's going on inside this organisation. He also made the case for the importance for

assurance as well 'cause assurance really drives that and also the use of standards like the AA1000. So I went back and had a big think about it, but also I took his feedback to senior managers across the organisation and even to our Board committee and they took notice because he is such a, you know, that individual and what he represents is so powerful (Org J)."

It is interesting to note that in addition to Org F the only other case in which transparency appeared to be viewed as an end in itself was Org A, which had not yet begun formal S&ER. The interviewee commented:

"I mean, once you've made a commitment to move forward, bad news, it's very qualitative. Do you know what I mean? If you set targets and you don't meet them but you're moving forward, then it's not necessarily bad news 'cause you're improving. I mean, it could be seen as bad news because you aimed, you know, high and you didn't quite make it but I think that it's, I don't think it's good or bad, I think it's, are you making progress, have you learned from the experience and what are you going to do to try and improve as you move forward. So on that basis I don't really think that people, once they've made a commitment to report, I think the best thing to do is to be very transparent. I mean that's what it's about. If you're going to report and you're not being transparent, there's no point, forget it. You know it's a window dressing exercise, just admit that it is and just issue a press release every once and a while when something good happens and keep very, very quiet when something bad happens so nobody hears about it. But if you want to actually report, the whole idea is transparency and just the fact that you're being transparent has to be seen as something good. No matter what the results are. That's my view (Org A)."

This reluctance to disclose information that might reflect unfavourably upon the organisation is particularly concerning given that the majority of cases cited increasing stakeholder expectations as a key reason for engaging in S&ER. This suggests that rather than endeavouring to meet the information needs of stakeholders in order to discharge S&EAA, organisations are instead using S&ER to manage stakeholder impressions and legitimise their operations. If stakeholder

expectations are being managed rather than met under a voluntary S&ER regime, it may indicate that regulation is required. As noted by the interviewee from Org B "there's a huge gap between your social licence to operate and your legislative licence to operate because legislation always follows, doesn't it (Org B)".

The interviewees had diverse opinions with respect to whether S&ER should be regulated, ranging from that of the interviewee from Org H, who stated "I'm strongly of the view that it shouldn't 'cause I think there's probably more than enough regulation already and I kind of like the fact that some areas provide scope for companies to perform to whatever standard their own consciences take them, even if that's no reporting at all because that actually helps provide some differentiation in the field. If we were all required to provide a report and it had to follow this format, then, you know, a lot of the fun in the process would go out of it (Org H)", to that of the interviewee from Org I who stated: "Oh must be. They won't do it otherwise. They're slowly doing it 'cause of a bit of pressure and again, it will be a marketing exercise and I guess it's always a marketing, you don't go out and tell them a bad news story unless there's a good news story and a bad news story (Org I)".

Interestingly, several of the organisational representatives expressed conflicting personal and organisational views regarding the regulation of S&ER. For example, the interviewees from Org F had both previously written submissions to parliament on behalf of their respective organisations (at the time of the submission Interviewee 2 was employed elsewhere) on the proposed regulation of S&ER, and had quite conflicting views on the subject. Interviewee 2 supported organisational preferences for voluntary S&ER, commenting that "our view was, if you're pushing it from a compliance perspective then you're not really getting that cultural take up (Org F, Interviewee 2)", to which Interviewee 1 responded: "Oh that old furfy. [...] I think, to be honest, I can't, I'm sure the Org F submission also recommended you know a voluntary regime [...] But having said that, I think inevitably we're moving towards a regulated environment [...]. I think there's scope to kind of raise the baseline at least but then through a mandated regime (Org F, Interviewee 1)". Of the ten cases studied the only interviewee to express an organisational view in favour of mandatory S&ER was the interviewee from Org G, who noted:

"We actually started a group earlier in the year. We invited a whole heap of sustainability managers for some of the ASX listed companies in to talk about whether or not there would be any general consensus to potentially getting the ASX listing rule changed to say that organisations have to report on you know, their material issues and, it was just a sustainability managers' sideshow. You know, there was just a general, everyone's like blah, blah, and it just, we just went look, this isn't a productive group. […B]ut I think some form of checking that you are reporting on your material issues would set a level playing field [...] and that would avoid more heavy handed regulation (Org G)."

This view is consistent with Org G's business case attitude towards S&ER, given that there are business benefits in avoiding the imposition of more stringent legislative requirements. Of the interviewees the most fervent views expressed were those of the interviewee from Org B, who stated:

"I think it should. I don't get that financial is the only thing that is important. I really fundamentally believe that that is not, like yeah, at the end of the day that's the outcome, if you do everything right, then you should be making money but there needs to be a value placed on your impact on society, positive or negative, and your impact on the environment because if those two things get stuffed up, there's no profit. Obviously in sustainability those three things are very, very equivalent and there is not enough impetus placed on those two fields at all [...] like, water, yeah it's a resource and it's well essentially free isn't it but you stuff it up, you get rid of the water, we're not going to be making product because we need water for our cooling towers. And water isn't expensive enough to actually to have that value yet. Big gap. Yeah, it's just silly because I mean you can rape and pillage the planet and destroy everything and kill all your employees or whatever, and still make a lot of money but you kill all your employees, you rape and pillage the planet, you've got no one working for you and you've got no resources to make your product, so at the end of the day you're not going to be making money. [...] It'll get to that point. People will start to realise pretty

quickly that, but then it's about making sure that the metrics that everybody reports on are the right ones as well (Org B)."

Interestingly, whilst the interviewee from Org B referred on several occasions to the 'licence to operate', which as discussed in Chapter 4 results from the adherence to the social contract, which is based upon societal expectations of organisational performance, the interviewee also noted that

> "the other thing that I sort of always draw it back to is, when you watch the news and, oh this big company did such and such, it's not the company that did it, there are people working for that company that live in your community and they are the ones that are making those decisions so you can say that it's the social licence to operate but that society is in our workforce, so what we think and what our neighbours think are one and the same thing really, aren't they, cause we're all people, so I don't quite understand that differentiation. If I know something's wrong then I'm guessing that everyone else is going to think it's wrong too. You've just got to make sure you've got the right people in the right positions of influence to be able to do something about it, which I think we've got (Org B)."

7.5 Summary

The purpose of this chapter was to analyse and discuss the results of the first stage of the research, which involved interviews with representatives from ten reporting organisations regarding organisational choices in the S&ER process. In order to tell the S&ER 'story' of the particular cases, a comparison of the S&ER practices of the organisations interviewed with those in the normative model was provided, which explored whether S&ER appears to be undertaken for S&EAA purposes. If S&EAA is to be discharged organisations should undertake each step in the model consecutively, and should do so due to the recognition of a responsibility to provide an account to those who have a right to know. The first step in the model requires organisations to undertake S&EA, which requires internal S&ER and may be facilitated by the implementation of an integrated S&EMS. Each of the cases studied organisations interviewed engaged in some form of internal S&ER, which ranged in frequency from hourly to quarterly, and ranged from

being structured and systematic to ad hoc. Internal reporting was predominantly bottom-up, and this bottom-up communication was predominantly in the form of formal reporting.

Whilst each of the cases engaged in some form of internal S&ER, the systems implemented for the identification and measurement of social and environmental information varied. Of the ten cases studied three utilised ISO 14001 certified EMSs across all of their sites, whilst two had ISO certification across some, but not all, of their sites. Of those cases that did not claim to use a formal S&EMS, the majority did undertake certain aspects of such a system, including formal policies and monitoring progress via systematic auditing. However other aspects such as the provision of workplace training and resources varied. Interestingly, several of the interviewees expressed some ambivalence towards the setting of quantified goals and targets, and the processes in place to rectify deviations from those goals varied from being very systematic to somewhat unclear.

The second step of the normative model involves the provision of the external report on social and environmental performance to those who have a right to know. Each of the cases studied provided some degree of S&ER on the internet, with the level of web-based disclosures ranging from pages on the website, to the use of customised updates and social media. In addition to web-based disclosures the amount of external S&ER varied, ranging from no additional S&ER to S&ER via a number of different mediums that were customised for the target audience. Target audiences were most commonly identified as being investors, employees, and customers. However, whilst the majority of cases were able to clearly identify their target audiences, and a consideration of these audiences did appear to influence to content of the reports, the interviewees had more difficulty identifying who the main users might be. This suggests a lack of stakeholder engagement in some cases, which is the third step in the normative model. The interviewees noted that passive feedback mechanisms were largely ineffective, and several of the organisations that did undertake active two-way dialogic exercises restricted this engagement to internal stakeholders or a limited range of external stakeholders such as customers and suppliers.

The fourth step of the normative model requires the provision of external assurance for the report. Half of the cases studied undertook this step, and whilst a mix of accountant and consultant assurance providers was used all of these cases used the AA1000 assurance standard. The final step in the normative model requires active engagement with stakeholders in the

assurance process, which may be encouraged by the use of AA1000, which is based on the principle of stakeholder inclusivity. The degree of emphasis placed on this step amongst those cases providing assurance varied.

Finally, in order to discharge S&EAA organisations should not only undertake all of the steps in the normative model, they should do so due to the recognition of a responsibility. The cases studied appeared to undertake S&ER for a variety of reasons, many of which may be classified as being 'business case' reasons, which do not discharge S&EAA. The purpose of this first stage of the research was to gather exploratory data regarding internal organisational S&EA and external S&ER processes, and the choices made in those processes, in order to answer RQ1, which is addressed in Chapter 12. The second stage of the research involved the analysis of the content of secondary data such as the external S&ER of the cases studied in order to address RQ2. A discussion regarding the results of the second stage of the exploratory research project is provided in the following chapter.

Chapter 8 - Results of Stage 2: Archival Content Analysis of Secondary Data

8.1 Introduction

The findings of the first stage of the research, discussed in Chapter 7, reveal both similarities and differences with respect to organisational S&ER practices across the cases studied. The second stage of the research analysed in this chapter involved content analysis of the social and environmental reports published by the organisations in order to determine whether these differences resulted in a difference in their disclosure strategies and answer Research Question 2 (RQ2). The purpose of this chapter is to discuss the results of the archival content analysis of secondary data conducted in the second stage of the research.

S&ER disclosures were classified as being either informative or potentially misleading according to whether or not they referred to quantitative data, and according to the type of disclosure. The proportions of the reports found to be informative or potentially misleading are discussed in the following section, followed by a discussion the forms those disclosures take in Section 8.3. The results of the first stage of the research suggest that certain individuals may influence organisational S&ER practices, therefore a comparison of the most recent reports and those published immediately prior to the interviewees becoming the lead reporters is provided in Section 8.4, before a brief summary is provided in Section 8.5.

8.2 Proportions of the Reports Found to be Either Informative, or Potentially Misleading

As discussed above, in order to address the second research question content analysis of the social and environmental reports prepared by the organisations interviewed was conducted. Information disclosed was classified as being either 'informative' or 'potentially misleading' according to the criteria outlined in Chapter 6. Information that is potentially misleading is more susceptible to impression management than informative information, and includes improperly presented graphs, solely qualitative or quantitative information, and images not directly related to quantitative data with explanatory qualitative information. The percentages of potentially misleading information and informative information disclosed by each organisation are displayed in Table 8.1, together with whether or not the organisations employed an external and/or internal designer and/or consultant and obtained assurance for their reports.

Case	Informative Information	Potentially Misleading	White Space	Specialist Consultant Used	Assurance Provider
Org B	**23.51%**	**12.11%**	64.38%	External Designer & External Consultant	None
Org C	**24.89%**	**15.09%**	60.02%	External Designer	None
Org D	**25.06%**	**18.18%**	56.76%	External Consultant	Consultant
Org E	**22.53%**	**18.88%**	58.60%	Internal Consultant	Consultant
Org F	**22.48%**	**22.19%**	55.33%	External Designer	Accountant
Org G	**25.16%**	**19.88%**	54.96%	External Designer & Internal Consultant	Consultant
Org H	**23.77%**	**35.54%**	40.70%	Internal Designer	None
Org I	**13.59%**	**48.42%**	38.00%	None	None
Org J	**19.59%**	**18.68%**	61.72%	External Designer	Consultant & Accountant
Average	**22.29%**	**23.22%**	**54.50%**		

Table 8.1 Comparison of informative information to potentially misleading information disclosed

The least amount of potentially misleading information was provided by Org B, with just 12.11% of the information disclosed in their 2011 report being classified as being potentially misleading. This is well below the average of 23.22%, and is consistent with the interviewee from Org B's comments about the structure, frequency and importance placed upon their internal S&ER, with the interviewee noting:

> "[I]f we didn't prepare the sustainability report, we would still capture all of that data and we would still report it internally. It's just the external version of it. [...] I mean, it's, the reason to report isn't just for the sake of reporting, it's actually because it's all, because it's done internally and it's measured and monitored internally and this is just the external face of that I guess, about communicating, what it is that we already do internally to the external audience and then making sure that what it is that they want, we cover as well (Org B)".

Those that disclosed the most amounts of potentially misleading information were Orgs H and I, disclosing 35.54% and 48.42%, respectively. The results for Org H are consistent with the

interviewee's comment that their "report is reasonably light on facts and figures (Org H)" but for Org I are surprising given that the organisation had by far the most comprehensive environmental accounting system. However, it must also be noted that Org I provided considerably less social and environmental information than the other cases studied, which was restricted to a small portion of their twenty page annual review compared to the 148 page stand-alone report provided by Org B. The interviewee from Org I commented that "I think there's a bit of fear around sustainability reporting. So, a little bit of extra review before we continue things and nervousness I think is promoting a little bit of, losing momentum at times (Org I)", suggesting that consistent with the Nexus of Theories the result may be due to organisational culture, which was similar for both Org H and Org I:

> "[W]e're only recently a listed company. We used to be owned by a private Italian family and they never believed in telling anybody anything. And there's a lot of people who grew up out of that Italian family company culture and so it's been a, part of the journey here has actually been getting them to loosen up a little and start telling people, cause now we're a public company, you've got to tell them (Org H)."

> "Oh look I think the cultural thing of where we had one of just don't tell anyone anything, you know, then you can't go wrong and can't be used against you, so, I think they see sustainability reporting as really just marketing (Org I)."

It is arguably more useful to compare the amount of potentially misleading information to the amount of informative information disclosed. As shown in Table 8.1, the average amount of potentially misleading information disclosed, at 23.22% was only slightly higher than the average of informative information disclosed at 22.29%. However there was considerable variation in the proportions of informative and potentially misleading information disclosed by the individual cases, with the amount of informative information disclosed ranging from 13.59% (Org I) to 25.16% (Org G), and the amount of potentially misleading information disclosed ranging from 12.11% (Org B) to almost half at 48.42% (Org I). It is not surprising that Org I, which disclosed the highest amount of potentially misleading information, also disclosed the lowest amount of informative information and did not provide assurance for their reports. Similarly it is unsurprising that Orgs D and G, which disclosed below average amounts of

potentially misleading information, employed experienced S&ER consultants and provided assurance for their reports, also provided the highest amounts of informative information. However, Org C, which did not provide assurance for their reports, provided the third highest amount of informative information and the second lowest amount of potentially misleading information. Whilst this result is consistent with the interviewee from Org C's comments about the technical nature of their reports, Org H, which provided the second highest amount of potentially misleading information and also did not provide assurance, provided 23.77% informative information which is above that disclosed by Orgs J, F, and E, even though they all provided external assurance for their reports. A closer examination of the types of potentially misleading and informative information disclosed may be enlightening, and is discussed in the following section.

8.3 Types of Potentially Misleading and Informative Information Disclosed

Whilst some of the findings above are consistent with the findings from stage one of the research, there were also some unexpected results with respect to the disclosure of potentially misleading and informative information which cannot, on the surface, be easily explained by either the results of the interviews discussed in Chapter 7, or the extant literature. Therefore a closer examination of the forms those potentially misleading and informative disclosures take is necessary, and these results are displayed in Tables 8.2 and 8.3 respectively.

Case	Qualitative Data	Quantitative Data	Improperly Presented Graphs	Images	Total	White Space
Org B	10.26%	0.00%	0.98%	0.86%	**12.11%**	64.38%
Org C	12.35%	0.00%	1.07%	1.68%	**15.09%**	60.02%
Org D	14.47%	0.00%	1.02%	2.69%	**18.18%**	56.76%
Org E	8.86%	0.00%	1.52%	8.50%	**18.88%**	58.60%
Org F	13.19%	0.48%	0.00%	8.53%	**22.19%**	55.33%
Org G	13.56%	0.00%	2.25%	4.07%	**19.88%**	54.96%
Org H	15.62%	0.00%	0.12%	19.80%	**35.54%**	40.70%
Org I	9.68%	0.00%	1.10%	37.64%	**48.42%**	38.00%
Org J	11.19%	0.00%	1.09%	6.40%	**18.68%**	61.72%
Average	**12.13%**	**0.05%**	**1.02%**	**10.02%**	**23.22%**	**54.50%**

Table 8.2 Types of potentially misleading information disclosed

Case	Qualitative + Quantitative Data	Properly Presented Graphs	Images	Total
Org B	21.29%	0.41%	1.81%	**23.51%**
Org C	18.35%	2.35%	4.19%	**24.89%**
Org D	23.12%	0.94%	1.02%	**25.06%**
Org E	20.44%	0.07%	2.02%	**22.53%**
Org F	20.60%	0.47%	1.42%	**22.48%**
Org G	23.43%	0.62%	1.11%	**25.16%**
Org H	18.05%	0.00%	5.72%	**23.77%**
Org I	11.52%	0.00%	2.06%	**13.59%**
Org J	18.47%	0.08%	1.03%	**19.59%**
Average	**19.48%**	**0.55%**	**2.26%**	**22.29%**

Table 8.3 Types of informative information disclosed

The amount of potentially misleading information disclosed in the form of images and graphs that fail to meet the guidelines for properly presented graphical displays, and qualitative narratives are displayed in Table 8.2. As discussed in Chapter 6 graphs may be subject to manipulation and thus may be used as an impression management strategy. Therefore graphs were classified as being either properly presented or improperly presented, with properly presented graphs then categorised as being 'informative' and improperly presented graphs as being 'potentially misleading'. The guidelines used for the classification of graphs as 'potentially misleading' are provided in Appendix C and their application was discussed in Chapter 6.

With the exception of Org F, none of the cases disclosed potentially misleading information in the form of solely quantitative disclosures, and the amount disclosed by Org F was negligible at 0.48%. The amount of potentially misleading information disclosed in the form of solely qualitative narratives ranged from 8.86% (Org E) to 15.62% (Org H). The high proportion of narrative disclosures provided by Org H is consistent with the interviewee's comments about the content of the reports noted above, and the interviewee later noted:

"We have some reluctance to make it too easy to help our competitors' benchmark themselves against us. So, it's a real two edged sword. And I would love to have more facts and figures in the report but not if it's to the detriment of our company or not if I'm just putting them in to put in more facts and figures. [...] In the end, we're an organisation of people, primarily, and so, I'm pretty comfortable to present the company for what it is and so if that ends up being a

lot of stories about what we've done at a local level, it's kind of what we are as a company. So, maybe it's a valid representation of the company anyway. In the end, what you're trying to do is provide a valid representation of the company. It's a, different people will have different views on what constitutes a valid representation (Org H)."

The average amount of potentially misleading information disclosed in the form of solely qualitative disclosures was 12.13%, as shown in Table 8.2. This is less than the average amount of potentially informative information disclosed in the form of quantitative data with explanatory qualitative information, which was 19.48%, with Org I disclosing the least at 11.52%, and Org G the most at 23.43%. Each of the cases disclosed a greater proportion of quantitative data with explanatory qualitative disclosures than solely qualitative information, with the smallest difference found with Org I (1.84%), and the greatest with Orgs E and B with 11.58% and 11.03% respectively.

The analysis revealed that while graphs comprised a very small proportion of the reports, the average amount of potentially misleading graphs disclosed (1.02%) was almost twice that average amount of properly presented graphs (0.55%), shown in Table 8.3. Org F was the only case that did not provide any improperly presented graphs, whilst Org G disclosed the greatest amount at 2.25%. With the exception of Org C, which disclosed over twice as many properly presented graphs as improperly presented, all of the cases provided more improperly presented graphs than properly presented graphs, and in the cases of Orgs H and I none of the graphs provided met the guidelines for correct graphical presentation.

Whilst it was somewhat surprising to find such a large proportion of potentially misleading graphs compared to those properly presented, the most dramatic differences were found to be between the disclosure of informative and potentially misleading images. As discussed in Chapter 3, the use of images has been argued to be the most powerful form of communication, and accordingly they are also greatly susceptible to impression management (see Chapter 4). As noted in Chapter 6 images were classified as being informative if they were directly associated with the provision of quantitative information and all others classified as being potentially

misleading. For example, the captioned[8] image of an aboriginal football team accompanying quantitative and explanatory qualitative details regarding corporate sponsorship of athletics in indigenous communities was classified as being informative. In comparison, a full-page uncaptioned image of a smiling aboriginal child with no direct association with any quantitative data was classified as being potentially misleading. The average amount of potentially misleading images disclosed ranged from 0.86% (Org B) to 37.64% (Org I), with the average being 10.02%. The average amount of informative images was a mere 2.26%, ranging from 1.02% (Org D) to 5.72% (Org H).

The difference in the disclosure of informative and potentially misleading images, and the fact that images formed the largest proportion of potentially misleading information disclosed, suggests that a closer examination of the types of images disclosed is warranted. As discussed in Chapter 6, consistent with prior literature images were classified as being 'environmental', 'economic', 'dreamworld', 'non-specific', or 'social'. 'Social' images were further classified as being 'day-to-day business', 'people', or 'leader', and additional categories were created for 'symbols', 'logos', 'diagrams', 'maps', and 'signatures'. The proportions of the types of informative and potentially misleading images disclosed by each case are displayed in Tables 8.4 and 8.5, respectively. The proportions are shown as a percentage of the total informative and potentially misleading images provided by each case, with 'symbols' 'logos' and 'signatures' combined under the category 'miscellaneous'.

Case	Social				Environmental	Economic	Dreamworld	Non-Specific	Diagrams	Maps	Misc.
	Day-to-Day Business	People	Leader	Total							
Org B	8.66%	61.72%	0.00%	70.38%	4.15%	20.00%	0.00%	0.00%	0.00%	0.00%	5.47%
Org C	4.99%	77.32%	0.00%	82.31%	0.00%	0.00%	0.00%	0.00%	17.69%	0.00%	0.00%
Org D	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	98.18%	1.82%
Org E	26.37%	0.00%	0.00%	26.37%	0.00%	0.00%	45.47%	0.00%	18.23%	0.00%	9.93%
Org F	0.00%	47.29%	26.98%	74.27%	0.00%	20.70%	0.00%	0.00%	0.00%	0.00%	5.03%
Org G	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	38.38%	54.35%	7.27%
Org H	9.25%	50.25%	1.70%	61.20%	1.33%	10.40%	0.00%	25.33%	0.00%	0.00%	1.73%
Org I	0.00%	0.00%	36.08%	36.08%	0.00%	0.00%	0.00%	0.00%	0.00%	62.40%	1.52%
Org J	6.75%	13.63%	0.00%	20.38%	0.00%	49.72%	1.27%	0.00%	4.63%	16.52%	7.48%
Average	**6.23%**	**27.80%**	**7.20%**	**41.22%**	**0.61%**	**11.20%**	**5.19%**	**2.81%**	**8.77%**	**25.77%**	**4.47%**

Table 8.4 Types of informative images disclosed

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[8] The inclusion of captions is important as it allows the reader to understand the context and relevance of the image.

With the exceptions of Orgs D and G, each of the cases studied provided informative 'social' images, and the majority of these images were classified as 'people' images, being of relaxed, smiling faces, usually close up and looking directly at the reader. Exceptions were Org E, whose 'social' images comprised entirely of 'day-to-day' business images of customer service offerings, and Orgs F and I, which provided 'leader' images. Just over one-third of the informative 'social' images provided by Org F were 'leader' images, while all of the 'social' images provided by Org I were 'leader' images. This is due to the fact that the documents analysed for Orgs F and I were the annual review and annual report, respectively, in which it is customary to provide formal photographs accompanying biographies of the Board of Directors and leadership team.

In the cases of Orgs D and G, where no informative 'social' images were provided, the vast majority (98.18%) of informative images provided by Org D were maps of their various mining operations and exploration sites, with the remaining 1.82% being symbols and logos. Similarly the informative images provided by Org G comprised mainly of maps (54.35%) and diagrams (38.38%). Whilst Org I did provide photos of the leadership team, the images disclosed were also predominantly of maps (62.40%). Almost half (49.72%) of the informative images disclosed by Org J were economic in nature, generally of retail and lifestyle property assets, and interestingly 45.47% of Org E's informative images were classified as 'dreamworld', with their latest offerings in communication technology appearing 'out of this world'. The only other case to provide informative images classified as 'dreamworld' was Org J in the real estate industry, perhaps 'selling the dream', and these disclosures comprised only 1.27% of the total informative images disclosed. It is somewhat concerning to note that none of the organisations provided informative 'environment' images, with the exceptions of Orgs B and H whose 'environment' images were substantially lower than their 'social' images (4.15% to 70.38% and 1.33% to 61.20%, respectively). The provision of informative 'economic' images was also greater than that of informative 'environment' images.

The above results should be considered in light of the fact that informative images comprised only a small proportion of the total images provided by the cases studied. The majority of images disclosed did not directly relate to quantitative data and accompanying qualitative explanations, and based upon this criteria and the classification system developed were deemed to be

potentially misleading. Therefore, it may be beneficial to compare the proportions of the types of informative images disclosed to the proportions of the types of potentially misleading images disclosed, which are displayed in Table 8.5 below.

Case	Social				Environmental	Economic	Dreamworld	Non-Specific	Diagrams	Maps	Misc.
	Day-to-Day Business	People	Leader	Total							
Org B	5.33%	25.80%	0.00%	31.13%	7.77%	28.82%	0.00%	0.00%	24.31%	0.00%	7.98%
Org C	45.94%	0.00%	40.69%	86.63%	0.00%	0.00%	0.00%	0.00%	12.08%	0.00%	1.29%
Org D	24.59%	30.07%	3.07%	57.73%	11.00%	6.84%	0.00%	0.00%	24.11%	0.00%	0.59%
Org E	44.16%	43.01%	2.35%	89.51%	0.00%	3.12%	4.85%	0.00%	0.00%	0.00%	2.51%
Org F	10.03%	17.83%	20.70%	48.56%	5.24%	24.47%	17.28%	0.45%	3.25%	0.00%	0.75%
Org G	0.00%	62.55%	0.00%	62.55%	0.00%	0.00%	0.00%	20.31%	16.99%	0.00%	0.15%
Org H	11.32%	7.82%	2.24%	21.38%	0.00%	7.60%	0.00%	70.45%	0.00%	0.00%	0.57%
Org I	10.13%	11.07%	0.00%	21.20%	0.00%	74.99%	0.00%	3.36%	0.00%	0.00%	0.45%
Org J	22.76%	9.64%	1.00%	33.40%	0.66%	4.14%	14.37%	35.36%	10.45%	0.00%	1.62%
Average	**19.36%**	**23.09%**	**7.78%**	**50.23%**	**2.74%**	**16.67%**	**4.06%**	**14.44%**	**10.13%**	**0.00%**	**1.77%**

Table 8.5 Types of potentially misleading images disclosed

As with the informative images provided, the majority of potentially misleading images provided were classified as being 'social' in nature, and each of the cases studied provided some potentially misleading 'social' images. It is interesting to note the difference between the types of informative and potentially misleading 'social' images disclosed. The provision of informative 'day-to-day business' images was quite low, particularly when compared to the provision of potentially misleading 'day-to-day business' images disclosed. Orgs D, F, G and I did not provide any informative 'day-to-day business' images, yet with the exception of Org G all provided potentially misleading 'day-to-day business' images, and in the cases of Orgs C and E these comprised almost half of the potentially misleading 'social' images disclosed (45.94% and 44.16%, respectively). In the case of Org G, the potentially misleading 'social' images provided consisted entirely of 'people' images, and with the exception of Org C each case provided potentially misleading 'people' images. In the case of Org C 'social' images comprised 86.63% of the potentially misleading images disclosed, and the remaining 40.69% of 'social' images were classified as being 'leader' images. The only other case to provide a higher proportion of

'social' images was Org E (89.51%), of which 43.01% of the 'social' images were classified as being 'people' images.

There were only three cases in which the majority of potentially misleading images disclosed were not 'social' in nature, those being Orgs H, I and J. In the case of Org H, 70.45% of the potentially misleading images disclosed were categorised as being non-specific, and these images comprised mainly of what may be subjectively termed 'artistic' depictions of every-day objects (for example, high-resolution close-up images of tools such as spanners and pencils with an emphasis on light, shade and colour contrasts). This is almost twice as many as the next highest proportion of 'non-specific' images provided (Org J with 35.36%), and vastly more than Orgs B, C, D, and E, who did not disclose any potentially misleading non-specific images. In the case of Org I the majority (74.99%) of potentially misleading images were classified as being 'economic' in nature, which is interesting in light of the interviewee from Org I's comments about the volatile financial history of the organisation noted in Chapter 7. Whilst only Orgs B, F, H and J provided informative 'economic' images, all but Orgs C and G provided potentially misleading 'economic' images, although with the exceptions of Orgs B, F and I these proportions were quite low.

A majority of the organisations provided potentially misleading diagrams, with the exceptions of Orgs E, H and I. Orgs H and I did not disclose any informative or potentially misleading diagrams, whilst all the diagrams provided by Org E were classified as being informative. As with the informative images, few organisations provided potentially misleading images that could be classified as being 'environmental' or 'dreamworld'. However, the proportions of potentially misleading images disclosed under those classifications were noticeably higher than the disclosure of informative 'environmental' and 'dreamworld' images. Whilst Org E was the only case to provide a substantial proportion of informative 'dreamworld' images, Orgs F and J both provided more potentially misleading 'dreamworld' images than Org E (being 17.8%, 14.37%, and 4.85%, respectively). None of the remaining cases provided potentially misleading 'dreamworld' images. Again the provision of 'environmental' disclosures was noticeably absent, with only Orgs B, D, F, and J providing 'environmental' images, albeit potentially misleading images. Most concerning is Org D, which despite operating in an environmentally sensitive

industry did not provide any informative environmental images, yet 11.00% of its potentially misleading images disclosed were 'environmental' in nature.

The content analysis stage of the research yielded some interesting results, and interview data suggests that the interviewees had a large influence on the style and particularly content of the reports, with many citing ongoing battles fought, won and lost with respect to the balanced content of the reports. As a result of these results the reports released immediately prior to the interviewee taking on the lead reporting role were also analysed, and a comparison of the various aspects of the earlier and 2011 reports made, the results of which are discussed in the following section.

8.4 Comparison Between Earlier and More Recent Reports

The influence of both internal organisational factors and actors on the choices regarding the external portrayal of the organisation is underexplored in the extant accounting literature, yet became immediately apparent upon entry to the field. While not specifically asked, the interviews with organisational representatives conducted first stage interviews also suggested the importance of having an S&ER 'champion' within the organisation, and emphasised the difficulties the interviewees had faced in pushing S&ER within their respective organisations, particularly with respect to the balanced content of the reports. In order to explore this further, the reports produced immediately prior to the interviewees becoming the lead report preparer within the organisation were also analysed, and then compared with the most recent social and environmental reports produced by the reporting organisations, the results of which are provided in Table 8.6.

The comparison of the most recent reports with those produced immediately prior to the interviewee becoming the lead reporter reveals that with the exceptions of Orgs B and H, the amount of informative information disclosed increased. The greatest difference was in the reports of Org G, which increased its informative disclosures from 10.99% to 25.16%. In the cases of Orgs B and H the amount of informative information disclosed decreased. However, in the case of Org H this decrease was by less than one (0.82) percentage point, and in the case of Org B it is worth considering that its 2005 report was only 8 pages long, whilst its 2011 report was a hefty 148 pages. It should also be noted that whilst Org B's level of informative

information decreased, its level of potentially misleading information also decreased from 31.58% to 12.11%, which as noted above was the lowest amount of potentially misleading information disclosed of all the cases.

Case	Informative Information		Potentially Misleading Information		White Space		Consultant Used		Assurance Provider	
	Earlier[9] *Report*	*2011 Report*	*Earlier Report*	*2011 Report*	*Earlier Report*	*2011 Report*	*Earlier Report*	*2011 Report*	*Earlier Report*	*2011 Report*
Org B	29.87%	23.51%	31.58%	12.11%	38.56%	64.38%	None	External Designer	None	None
Org C	18.61%	24.89%	29.33%	15.09%	52.06%	60.02%	External Designer	External Designer	None	None
Org D	22.10%	25.06%	34.48%	18.18%	43.42%	56.76%	None	External Consultant		Consultant
Org E	17.17%	22.53%	30.77%	18.88%	52.06%	58.60%	None	Internal Consultant	Consultant	Consultant
Org F	14.04%	22.48%	42.04%	22.19%	43.92%	55.33%	External Designer	External Designer	Consultant /Accountant	Accountant
Org G	10.99%	25.16%	20.13%	19.88%	68.88%	54.96%	External Designer	External Designer Internal Consultant	None	Consultant
Org H	24.58%	23.77%	25.73%	35.54%	49.69%	40.70%	Internal Designer	Internal Designer	None	None
Org I	7.66%	13.59%	43.18%	48.42%	49.16%	38.00%	None	None	None	None
Org J	14.64%	19.59%	34.73%	18.68%	50.63%	61.72%	External Designer	External Designer	None	Consultant /Accountant
Average	**17.74%**	**22.29%**	**32.44%**	**23.22%**	**49.82%**	**54.50%**				

Table 8.6 Comparison of informative and potentially misleading information provided in earlier and more recent reports

The disclosure of potentially misleading information decreased in all cases with the exceptions of Orgs H and I, in which cases the amount of potentially misleading information increased by 9.81 and 5.24 percentage points, respectively. It is worth noting that in these cases the amount of white space, which as noted in Chapter 6, may aid readability, also decreased. The only other case to decrease the amount of white space used in their reports was Org G, in which case the decrease in the provision of potentially misleading information was marginal (0.25 of a percentage point). However, it must be noted that Org G's early report comprised 68.88% white space, which was substantially more than any other case, with the average amount of white space being 49.82% in the earlier reports. Org G's reduction of 13.92 percentage points in the use of white space brought it closer to the 2011 average of 54.50%.

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[9] Earlier reports refer to those produced immediately prior to the interviewee becoming the lead reporter.

The use of external consultants and designers was fairly consistent over the periods examined, with only Orgs B and D altering their practices and employing external consultants for their later reports. Org D's decision to employ an external reporting consultant was discussed in Chapter 7, and in its most recent reports the provision of informative information increased by 2.96 percentage points, potentially misleading information decreased by 16.30 percentage points, and the provision of white space increased by 13.34 percentage points. Org B used an external designer for its later reports, and it is interesting to note that its use of white space increased by 25.82 percentage points from 38.56% to 64.38%, which was the largest amount of white space used in all of the 2011 reports.

Orgs E and F were the only cases to provide assurance for their early reports, and these organisations continued to provide assurance for their subsequent reports. Org E used a consultant for both reporting periods, and whilst Org F used both a consultant and an accountant for its early report, the assurance by the accountant was limited to two pages of financial information provided in the report. Orgs D, G and J did not provide assurance for their early reports, but did provide assurance for their 2011 reports, and the remaining cases did not provide assurance for either of the reports analysed.

In the majority of cases the provision of informative information increased and potentially misleading information decreased, which is consistent with the results of the stage one interviews, and logical given that as organisations become more experienced with their S&ER one would expect their data collection systems to improve. However, the surprising increase in the provision of potentially misleading information in the cases of Orgs H and I suggests that a closer examination of the types of potentially misleading information disclosed is necessary. A comparison of the types of potentially misleading information disclosed in each reporting period is displayed in Table 8.7, and the types of informative information compared in Table 8.8.

The provision of potentially misleading information in the form of solely qualitative narrative disclosures increased for Orgs E, G, H and I. However in the case of Org E this increase was negligible at just over one percentage point (1.11). The largest increase in solely qualitative disclosures was that of Org G at 4.62 percentage points. Disclosure of solely qualitative

narratives decreased for Orgs B, D, F and J, and the disclosure of informative quantitative data with explanatory qualitative information increased for all cases except for Org B.

Case	Qualitative Data		Quantitative Data		Improperly Presented Graphs		Images		Total	
	Earlier Reports[10]	*2011 Reports*	*Earlier Reports*	*2011 Reports*	*Earlier Reports*	*2011 Reports*	*Earlier Reports*	*2011 Reports*	*Earlier Reports*	*2011 Reports*
Org B	16.09%	10.26%	0.00%	0.00%	0.00%	0.98%	15.48%	0.86%	31.58%	12.11%
Org C	21.28%	12.35%	0.00%	0.00%	1.37%	1.07%	6.68%	1.68%	29.33%	15.09%
Org D	16.93%	14.47%	0.00%	0.00%	0.00%	1.02%	17.55%	2.69%	34.48%	18.18%
Org E	9.97%	8.86%	0.00%	0.00%	2.30%	1.52%	19.43%	8.50%	30.77%	18.88%
Org F	26.66%	13.19%	0.00%	0.48%	0.12%	0.00%	15.26%	8.53%	42.04%	22.19%
Org G	8.94%	13.56%	0.00%	0.00%	2.20%	2.25%	8.99%	4.07%	20.13%	19.88%
Org H	12.01%	15.62%	0.00%	0.00%	0.84%	0.12%	12.88%	19.80%	25.73%	35.54%
Org I	6.66%	9.68%	0.00%	0.00%	0.52%	1.10%	35.99%	37.64%	43.18%	48.42%
Org J	14.35%	11.19%	0.00%	0.00%	2.19%	1.09%	18.19%	6.40%	34.73%	18.68%
Average	**14.77%**	**12.13%**	**0.00%**	**0.05%**	**1.06%**	**1.02%**	**16.72%**	**10.02%**	**32.44%**	**23.22%**

Table 8.7 Comparisons of the types of potentially misleading information disclosed in each reporting period

Case	Qualitative + Quantitative Data		Properly Presented Graphs		Images		Total	
	Earlier Report	*2011 Report*	*Earlier Report*	*2011 Report*	*Earlier Report*	*2011 Report*	*Earlier Report*	*2011 Report*
Org B	27.31%	21.29%	2.38%	0.41%	0.18%	1.81%	29.87%	23.51%
Org C	14.00%	18.35%	0.24%	2.35%	8.26%	4.19%	18.61%	24.89%
Org D	18.78%	23.12%	1.24%	0.94%	2.08%	1.00%	22.10%	25.06%
Org E	14.71%	20.44%	0.00%	0.07%	2.46%	2.02%	17.17%	22.53%
Org F	12.25%	20.60%	1.58%	0.47%	0.21%	1.42%	14.04%	22.48%
Org G	7.82%	23.43%	0.00%	0.62%	3.17%	1.11%	10.99%	25.16%
Org H	17.92%	18.05%	2.77%	0.00%	3.89%	5.72%	24.58%	23.77%
Org I	5.37%	11.52%	0.00%	0.00%	2.29%	2.06%	7.66%	13.59%
Org J	12.79%	18.47%	0.24%	0.08%	1.61%	1.03%	14.64%	19.59%
Average	**14.55%**	**19.48%**	**0.94%**	**0.55%**	**2.68%**	**2.26%**	**17.74%**	**22.29%**

Table 8.8 Comparisons of the types of informative information disclosed in each reporting period

The provision of both informative and potentially misleading images generally decreased over the reporting periods compared, with the average amounts falling from 2.68% to 2.26% and

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[10] Earlier reports refer to those produced immediately prior to the interviewee becoming the lead reporter.

16.72% to 10.02%, respectively. The reduction in the provision of potentially misleading images was most dramatic in the cases of Orgs B and D, with the proportion falling from 15.48% to 0.86% and 17.55% to 2.69%, respectively, and Org B was also one of the few cases to increase the amount of informative images provided. The only cases in which the provision of potentially misleading images increased were Orgs H and I, and in the case of Org I the increase was marginal at 1.65 percentage points. With respect to Org H this increase is consistent with the interviewee from Org H's earlier comments about the overrepresentation of certain types of images in their reports, and the interviewee went on to note: "That's greenwash. And I don't like it. Others do. [Such as] corporate affairs. Marketeers (Org H)". The types of informative and potentially misleading images provided in the 2011 reports were displayed in Tables 8.4 and 8.5, respectively, and these may be compared with the types of informative and potentially misleading images provided in the earlier reports, which are displayed in Tables 8.9 and 8.10 respectively.

Case	Social				Environmental	Economic	Dreamworld	Non-Specific	Diagrams	Maps	Misc.
	Day-to-Day Business	People	Leader	Total							
Org B	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	100.00%
Org C	16.59%	60.52%	0.00%	77.11%	5.66%	9.18%	0.00%	0.00%	0.00%	7.42%	0.64%
Org D	0.00%	0.00%	0.00%	0.00%	29.11%	70.89%	0.00%	0.00%	0.00%	0.00%	0.00%
Org E	0.00%	83.20%	0.00%	83.20%	0.00%	6.84%	0.00%	7.11%	0.00%	0.00%	2.85%
Org F	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	32.20%	0.00%	0.00%	67.80%
Org G	0.00%	92.08%	0.00%	92.08%	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%	7.92%
Org H	0.00%	16.01%	0.00%	16.01%	0.00%	11.58%	0.00%	31.40%	0.00%	33.35%	7.65%
Org I	0.00%	0.00%	0.00%	0.00%	0.00%	98.49%	0.00%	0.00%	0.00%	0.00%	1.51%
Org J	0.00%	10.88%	0.00%	10.88%	0.00%	85.62%	0.00%	0.00%	0.00%	0.00%	3.50%
Average	12.07%	29.19%	0.00%	31.03%	3.86%	31.40%	0.00%	7.86%	0.00%	4.53%	21.32%

Table 8.9 Types of informative images disclosed in the early reports

The types of informative images provided in the early reports were predominantly 'social' and 'economic', with these types of images comprising an average of 31.03% and 31.40% of the total informative images provided by each case, respectively. The informative 'social' images were mainly classified as being 'people' images, with none of the cases providing informative 'leader' images, and only Org C providing informative 'day-to-day business' images. In the later reports informative 'day-to-day business' images were provided by not only Org C, but also Orgs B, E, H, and J. Informative economic images were provided by all cases with the exceptions of B, F

and G, and in the case of Org I 'economic' images comprised 98.49% of the total informative images provided in the early report. Orgs J and D also provided high proportions of informative economic images (85.62% and 70.89%, respectively), and it is interesting to note that neither Orgs I nor D provided any informative images in their later reports, whilst the amount provided by Org J fell by 35.90 percentage points.

Case	Social				Environmental	Economic	Dreamworld	Non-Specific	Diagrams	Maps	Misc.
	Day-to-Day Business	People	Leader	Total							
Org B	33.72%	17.77%	0.00%	51.49%	0.00%	35.98%	0.00%	11.65%	0.00%	0.00%	0.87%
Org C	38.15%	43.74%	4.28%	86.17%	1.01%	7.16%	0.00%	2.68%	2.70%	0.00%	0.27%
Org D	29.85%	46.93%	0.99%	77.77%	13.89%	3.61%	0.00%	4.23%	0.00%	0.00%	0.50%
Org E	13.65%	30.99%	1.96%	46.59%	2.53%	9.52%	0.00%	38.07%	0.86%	0.00%	2.44%
Org F	0.00%	15.05%	41.61%	56.66%	0.00%	0.00%	0.00%	39.12%	2.31%	1.64%	0.28%
Org G	0.00%	39.90%	9.44%	49.34%	0.00%	0.00%	0.00%	48.38%	0.00%	0.00%	2.28%
Org H	55.06%	6.67%	0.00%	61.74%	0.00%	13.58%	0.00%	22.52%	0.00%	0.00%	2.16%
Org I	23.99%	23.71%	3.85%	51.55%	0.00%	43.52%	0.00%	4.81%	0.00%	0.00%	0.12%
Org J	25.12%	31.69%	0.00%	56.81%	1.03%	24.49%	0.52%	16.94%	0.00%	0.00%	0.21%
Average	24.39%	28.49%	6.90%	59.79%	2.05%	15.32%	0.06%	20.93%	0.65%	0.18%	1.02%

Table 8.10 Types of potentially misleading images disclosed in the early reports

When comparing the types of informative information disclosed in the different reporting periods, it is also interesting to note that maps, which were, on average, the second highest type of informative image provided in the 2011 reports, comprised an average of only 4.53% of the early reports, and the only two cases to provide informative maps in their early S&ER (Orgs C & H) did not provide them in their most recent reports. Whilst diagrams comprised an average of 8.77% of the informative disclosures in the later reports, none of the cases provided informative diagrams in their early reports. It is also worth noting that the proportion of 'miscellaneous' disclosures in the form of symbols and logos was substantially higher in the early reports, and in the case of Org B the corporate logo was the only visual image classified as being informative. The proportions of 'non-specific' images were also higher in the early reports, with Orgs F, H and E providing 32.20%, 31.40%, and 7.11% non-specific images, respectively, whilst in the later reports only Org H provided informative non-specific images.

Images classified as being potentially misleading comprised a greater proportion of the images provided in the early reports when compared to the 2011 reports, being 16.72% and 10.02%, respectively. However, the proportion of potentially misleading images provided was reasonably

consistent across the reporting periods, with the exception of the provision of potentially misleading 'non-specific' images. In the early reports each of the cases provided at least some potentially misleading 'non-specific' images, ranging from 2.68% (Org C) to 48.38% (Org G) and almost 40% in the cases of Orgs E and F (38.07% and 39.12%, respectively). In the later reports only Orgs F, G, H and J provided potentially misleading 'non-specific' images, and the proportions of these images ranged from 0.45% (Org G), to 70.45% (Org H).

A noticeable difference is the absence of 'dreamworld' images in the early reports. None of the cases studied provided informative 'dreamworld' images in the early reports, and whilst the majority of the cases did not provide informative 'dreamworld' images in their later report, in the case of Org E almost half (45.47%) of the images presented were in this classification. With respect to potentially misleading 'dreamworld' images, again none of the cases provided potentially misleading 'dreamworld' images in their early reports, with the exception of Org J of which 0.52% of the potentially misleading images were classified as being 'dreamworld'. In comparison Orgs E, F, and J all provided potentially misleading 'dreamworld' images in 2011.

8.5 Summary

The purpose of this chapter was to discuss the results of the second stage of the research, which involved archival content analysis of the social and environmental reports published by the organisations studied in 2011, and of the reports published immediately prior to the interviewees in each case becoming the lead reporters. This was except Org A which at the time of the study were yet to publish any external S&ER other than on their website. As discussed in Chapter 6 content was classified as being either informative or potentially misleading according to its susceptibility to impression management and such information was further classified according to the type of disclosure.

Results of this second stage of the research indicate that the proportions of potentially misleading and informative information provided by certain organisations were consistent with comments made by the organisational representatives in the first stage of the research. A closer examination of the types of potentially misleading and informative information disclosed suggests that the cases generally disclosed more information in the form of informative quantitative data with

explanatory qualitative disclosures than potentially misleading solely narrative disclosures, and that the majority of potentially misleading disclosures were in the form of images.

The results of the first stage of the research indicated that the majority of the organisational representatives interviewed had worked very hard to encourage balanced S&ER, with varying degrees of success. When comparing the most recent social and environmental reports of the cases studied with the reports published immediately prior to the respective interviewee becoming the lead reporter, the organisations provided, on average, less potentially misleading information in their more recent reports than in their earlier reports with 'social' images comprising the greatest proportions of potentially misleading information in both the early and most recent reports. As noted previously the use of images is a powerful communicative tool and plays an important role in the construction of organisational identities. However, the role of external parties in these reality constructions is unclear. Therefore discussions with external consultants assisting with the provision of these reports were undertaken as stage three of the research project, and the outcomes discussed in the following chapter.

Chapter 9 - Results of Stage 3: Interviews with External Consultants

9.1 Introduction

As discussed in previous chapters, external designers may influence many of the disclosures susceptible to impression management such as images and graphs, and design elements may also be used to enhance the communicative power of the reports. There is also an increasing trend for organisations to employ external specialist S&ER consultants to assist with the preparation of their reports. However, little is known about the role of external consultants in the S&ER process. Therefore, the third stage of the research involved interviews with representatives from two design firms and one reporting consultant in order to answer Research Question 3 (RQ3) and Research Question 4 (RQ4). The purpose of this chapter is to discuss the results of this third stage of the research in order to provide a more balanced perspective to the first stage interviews and triangulate the data.

This chapter is structured as follows. The insights gained from the interviews with external consultants regarding the implementation of the steps in the normative model in practice are discussed in Section 9.2, with each step discussed in turn in Sections 9.2.1-9.2.4 with the exception of the fifth step, being active engagement with stakeholders in the assurance process, as the provision of assurance was generally outside the consultants' area of expertise. The consultants' views on organisational motivations for S&ER are discussed in Section 9.3, before a brief summary is provided in Section 9.4.

9.2 The Normative Model in Practice

As discussed in Chapter 6, each of the consultants interviewed had different areas of expertise, and thus were able to provide unique perspectives on different aspects of the S&ER process. Con A was the design consultant employed by Org C, and thus was able to provide in-depth insights on Org C's design choices in S&ER. Con B is an award-winning designer who was able to provide broader perspectives regarding organisational S&ER design choices. Con C is a specialist S&ER consultant employed by Org D to assist with the preparation of their most recent social and environmental report. Each consultant interviewed was able to provide various levels

of insight with respect to the steps in the normative S&EAA model, and the external consultants' views on each of these steps are discussed in turn below.

9.2.1 Step One – The Implementation of Internal S&EA & S&ER Systems

The first step of the normative model requires S&EA, which involves the systematic, ongoing measurement and reporting of social and environmental performance. As noted in Chapter 6, Cons A and B (designers) were not involved in the data collection stage of S&ER, and thus were not questioned extensively on their knowledge of internal organisational S&EA and S&ER systems. However, Con C noted in the first steps of any S&ER engagement process "we want to understand what kind of data collection systems do they have internally, and what's the climate like internally for being able to share stuff, do people readily share information inside the organisation, or is everyone sitting on their own little box, and it's not easy for them to share (Con C, reporting consultant)".

As discussed in Chapter 7, whilst Org I had a fully integrated environmental accounting system, and Org F was endeavouring to increasingly integrate its social and environmental performance management systems with its financial reporting systems, none of the cases studied utilised a fully integrated S&EMS. Similarly the interviewee from Org A noted that the quality of internal S&ER varied across sites, and whilst Orgs B and D had very structured and systematic internal reporting mechanisms, the information systems used were not integrated with other internal reporting systems. These findings were supported by the comments made by Con C, who noted that a consequence of this lack of integration was that:

> "[T]he biggest challenge is data collection, [...] so they will look at a GRI list of indicators, and say oh we've got this, we've got that, we can find this, we can find that, and they will send out you know an email or have a meeting, or something like that with the various people who need to provide this information, and everyone will nod and say yes, yes, yes, and then when push comes to shove, they do not provide the information requested, or they provide incomplete information, or they handball it to somebody else and so the information is late, and the information comes in in inconsistent formats because there is no centralised system for it, so you've got your economic information, your

financial information in one part of the organisation, you might have your labour and employee information in another part and HR never wants to share that information, they are very difficult to prise that information loose, the environmental information will be somewhere else, and the community investment information will be somewhere else, and all of these people need to be coordinated, there is no central repository for this information, if you have got multiple sites, then they, even in the same organisation they will use different reporting formats, different units of measurement, different reporting cycles, if there is a reporting cycle at all, and these are, the challenge in the early days with the early stage reporters, is often much bigger in the data collection area (Con C, reporting consultant)."

The above quote suggests that these problems are particularly prevalent amongst early stage reporters, and it was suggested in Chapter 8 that the increase in informative information found in the majority of cases may in part be due to the improvement in data collection processes as the organisations gained experience in S&ER. This suggestion was supported by Con A, who had worked with Org C on the production of all three of their social and environmental reports and commented that "[i]n doing this in the first couple of years they have had to put in place so many systems, and so many monitoring systems, of different kinds so they can get the stats and the data they need, to be able to report it. That has to have an effect, overall on the company and how they perform and how they act and yes, so yeah, I would say it is important, quite important, that they have that stuff (Con A, designer)".

Whilst the normative S&EAA model requires that the steps be taken consecutively, the results of the content analysis and the above comments suggest that S&ER may play a role in facilitating the improvement of internal S&EA. The provision of external S&ER is the second step in the normative model, and is the area in which the consultants interviewed had the greatest expertise. As noted above each of the consultants interviewed were able to provide different perspectives on the S&ER process, and these perspectives are discussed in the following section.

9.2.2 Step Two – Development, Production and Publication of the External Report

The second step in the normative S&EAA model is the provision of external S&ER. With respect to the people involved in S&ER, Con B commented:

> "[T]here is more a tendency for external consultants to be used by companies, these external project managers, we are finding more and more that they are not people sitting in their corporate comms department any more, they are people who are brought in on contract, and then they go away again. We are finding that more and more, which if that is the case, then they won't be as strongly, have as strong an understanding of the organisation and the brand, they will very much be just the implementer, the doer, very task orientated, and in then in that regard, design decisions and so on are very much upper chain C suite decisions sort of thing (Con B, designer)".

This is consistent with comments from the interviewee from Org E in stage one regarding the importance of internal ownership with respect to S&ER:

> "Yeah, we do it all internally and I think we find it a really important part of the performance process as well, like I think it's a really you know, reporting really should be used to drive performance and we feel that if we didn't have that close engagement with the business on this and working with them to try and develop the narrative, develop, you know, bringing comfort around, you know, what's going to be reported or what can't and how we can position to be an accurate reflection, then we would lose a lot in that process. And being a consultant previously, I think it is something that has to be done internally. Just that understanding of the business and being able to you know really provide that interrogation of the data in a really I guess comfortable environment, you know a Org E person talking to a Org E person, you know, enquiring what's this, what's that, why did we not meet that, can you explain that further. I think that's a really important part (Org E)."

However, this lack of a sense of ownership and understanding of the business does not appear to be the case with all external S&ER consultants, with Con C noting that in addition to providing

"a lot of hands on support, follow up and constant how's it going and looking at the information they present, and going back and asking questions (Con C)":

> "[In] the ideal steps of a full service, recognising that not every piece of work that we do is an ideal process or a full service process, so we would want to start probably working with an organisation a year or up to a year before they first issue their sustainability report, sometimes more than a year, before they issue their first sustainability report. We would want to understand why they want a report, what the value is that they expect out of the report, we would then want to understand what types of information, we need to understand very well about the nature of the business that they are in, so we would probably want to understand, we need to understand the nature of the business, who the stakeholders are, the kinds of impacts that they are having on stakeholders (Con C, reporting consultant)".

As discussed in Chapter 7 there are several different mediums that may be used for the provision of external S&ER, and the consultants interviewed provided varying degrees of assistance with the different modes of disclosure. Con A (Interviewee 1) noted, "[m]ore often than not, it comes as a suite of documents, so, for instance Org C, this is the suite of documents that we have done for them this year, and it is all along the same theme and guidelines and feel that they want to get across (Con A, Interviewee 1, designer)." The interviewee went on to note that whilst Org C provided a separate stand-alone report "a lot of companies actually integrate the CR report into their annual report, they don't have a separate document, it's all built in to a sort of a triple bottom line reporting structure, so it all goes within the annual report itself. So a lot of people are doing that now, so that corporate reporting as such is being handled within just one document, within the annual report financially, community, environment, etcetera (Con A, Interviewee 1, designer)."

Con B noted that in addition to stand-alone and annual reports:

> "depending on the organisation and how much they see their reports as a marketing asset, there might be some related marketing materials in the case of some of our clients in, with regard to sustainability, what they have realised is

that because there is such a depth and breadth of sustainability information that they have to report on, to increase readability an accessibility of information, they have actually pulled out different sustainability topics, into what they call Dig Deeper flyers, and they kind of use those as a marketing tool as well as meeting their mandatory reporting requirements at the same time (Con B, designer)".

Conversely, with respect to the types of S&ER they assisted with, Con C stated that

"we will work on sustainability reporting strategies, stakeholder research, we might help produce other kinds of reports for companies, like reports on stakeholder research, or reports on the outcomes of dialogue and consultation, but we don't produce, you know a whole range of like marketing or communication style collateral. [...W]e only do GRI reports for the most part. We have done the integrated reporting as well, but it still uses a GRI framework to guide content decisions, so with integrated reporting or GRI reporting, the trends are towards more concise reports but more meaningful reports, more relevant reports, with great amounts of detail available online and in other formats (Con C, reporting consultant)."

With respect to the most appropriate medium for S&ER, Cons A and B (designers) agreed "a good cross section of the media is important (Con A, Interviewee 1)" "because you have got that wide, very wide range in audiences (Con B)", and Con B later noted "the big thing in marketing communications is that you never, ever just use one channel, you use a broad array of channels (Con B)". All three consultants emphasised the importance of online reporting, although for slightly different reasons, with Con B noting, "in this day and age, you need to have an online presence." Cons A and C took a more stakeholder oriented approach, with Con A (Interviewee 1) asserting "it's part of their corporate responsibility to have it accessible on the website", and Con C observing that "feedback from the stakeholders is telling them well, if you are going to walk the talk why are you printing this, we would expect to see electronic communications, not printed communications (Con C, reporting consultant)".

The results of stage one of this research suggested that in the majority of cases consideration had been given to the appropriateness of the reporting medium for their relevant audiences, and the importance of this was reiterated by Con A (Interviewee 1) who noted: "Yeah, well you have to look at your stakeholders for a start and see who you are going out to [...] and depending on the company and how they operate and what it means to them, it would actually change in its percentages as to how you would filter it out (Con A, Interviewee 1, designer)." With respect to the specific target audience, Con A (Interviewee 1) identified that "[t]here are shareholders in that, but they become a percentage of it, and then you have other stakeholders as I said before, press, you have those who are particularly interested in it, you have people like Ethical Investor who want to know what is going on, so you have a whole more wide varied stakeholder base to look at. Government as well is in that". This is consistent with the results of the first stage of the research in which Org C was found to have the most varied target audience.

Each of the interviewees in the first stage of the research identified employees as a target audience. However, evidence from Con B suggests that this may be the exception rather than the rule, with the interviewee noting:

> "[W]hen we got the brief for [a client] this year, who we have done their report for many, many years, they were very frank in saying to us, we believe this is very much directed at our internal audience, so their internal staff, and team members, this is very much a morale piece for them, it's very much about aligning what we do internally with the business strategy and making sure that our entire team knows what it is they have to do, and where we are going. So in that case that was very unique almost because, you know, more corporations see it as an external audience, but this was one company they were very precise in saying to us this for internally this is why we actually want to talk in this way, and not this way. And then, but for most other organisations, it really is very much that wide-ranging audience. Please understand when you are designing this, laying it out, that it needs to be accessible to a wide range of people with different literacy levels, different interests, different information needs (Con B, designer)".

In several of the cases studied the target audiences identified were very broad, and whilst the majority could identify either broad or specific intended audiences they had more trouble identifying who the main users might be. This is consistent with comments made by Con C:

> "We help them understand, we help them develop a clear idea of who their target reader is, usually that's necessary, all organisations will start with some kind of a starting idea of who this report is for, but they do need to, almost always, we need to work with them to clarify that even further. They will come with something perhaps like well, all our stakeholders, well, who are they? Well, you know customers, the community. And I say which community, where, who's going to read it? And part of our engagement invariably entails helping companies to better understand who the appropriate audience for the report is, and shape the report to address the interests and the needs of that audience (Con C, reporting consultant)."

The comments from Cons B and C above also support the findings from the first stage of the research that indicated that a consideration of the target audience influences not only the S&ER medium but also the content and style of the reports. This was further supported by Con B:

> "[T]he big thing about corporate reporting is that there is a very wide variety of stakeholders, so you have your mum and dad retail investors, and then you have got your financial analysts, and then you have got your big business investors, and they all have very different information needs, and when they are looking at a report they are looking at different things. And it also will depend very much on the type of organisation it is. You know, a [retail client] report, what the mum and dads are looking for in that is very different to say you know [client] big mining company, how they are using their resources, what the impact on the community is (Con B, designer)."

With respect to the preparation of the content of the reports, Con C noted that once they had developed an understanding of the nature of the business and the types of internal S&EA and S&ER systems used:

"So depending on what we find, we may want to talk to stakeholders, we will talk to internal stakeholders as well as external stakeholders, we will review their readiness for reporting, we would then do a materiality assessment to guide the decisions. There's two pieces of information that you really need in order to decide what kind of report is it going to be, what are the material issues and what kind of information have we got, so you need to do both the inside and the outside appraisal, then once we have got those pieces of information, we would then, work together with the client to make a plan for the report a decision about what is this report going to look like, what GRI level is it going to target, what is going to be the structure of the report, what kind of information do we want? We would then create data requests, figure out who do we need to go to in the organisation, what are we going to ask them for, we might have a meeting with those people, we might have a kick-off session with those people to explain what we need, and what we want, give them templates and so forth to fill in if they don't have established systems which for an organisation that is beginning they probably don't (Con C, reporting consultant)".

This use of data collection templates based upon various levels of adherence to the GRI Framework is consistent with the results of the first stage of the research, which suggested that a similar method was used by the majority of the cases studied and that all cases utilised the GRI to some degree in their S&ER. However, several of the interviewees highlighted the limitations of the GRI, and Con C supported many of these assertions:

"Look, I think GRI has been quite helpful in making the case for sustainability reporting and providing a consistent and coherent framework, but there are lots of weaknesses in GRI, and it's not a standard, it's an inadequate level of specification to be a standard, it's a framework, so there's a lot that's open to interpretation, there is a lot of missing guidance, and sometimes your best friends, or your best advocates for reporting inside an organisation would naturally be the compliance people, because they understand that the organisation needs to become more sustainable, they see compliance as a route to do it, they look at GRI and it looks too fluffy for them, and so they feel that it

undermines what they are trying to do rather than help, but on the other hand, if you make it too specific, then I think that you are at risk of losing the reporting principles and the sustainability context which in my view are probably more important than the choice of performance indicators and information, that gets lost if you turn it into a compliance standard rather than a reporting, you know a principles driven reporting framework, so, I think there are so many challenges with GRI, but on balance, it's better to use it than not to use it (Con C, reporting consultant)."

Con C also noted that with respect to content:

"There is a big debate about the case studies, whether reports should have case studies, and for example, I can't remember whether it's the Australian Reporting Awards, or the ACCA awards, but the criteria for one of the awards discourages the use of case studies, because they are seen to be too light and fluffy and all about impression management, but our own experience of doing reader reviews of sustainability reports, and we have done probably over 20 reader reviews of sustainability reports with specific stakeholders of specific companies is that these case studies are among the best read sections of the report and they are very well received and they give *meaning*, they give colour literally you know, sometimes, to a report, and they help make sometimes data that can be quite dry, turn it, bring it to life, and it doesn't mean to say that those case studies should only show the good side of what companies are doing, we encourage our clients to use case studies that show some of the challenges as well as some of the good things, so and we find over and over again that stakeholders ask for case studies (Con C, reporting consultant)."

In the cases of Orgs H and B the interviewees indicated that some attempts were made to limit their use of technical language to make their S&ER more understandable. In contrast, Org C acknowledged their deliberate use of complex language and "[b]elieve me, that is *watered down* (Con A, Interviewee 1, designer)". Whilst Con A did not contribute to content Interviewee 1 noted that "if we see something that is particularly, I have no idea what that says, then we might actually say something to them and say, yeah, you might have to change that a bit, that doesn't

make sense, […] but they do have their own corporate speak that actually comes across in reports (Con A, Interviewee 1)". Con B also commented on the use of technical language, noting that design may be used to simplify complex messages:

"[P]articularly when you have corporations where their core business is highly technical, [...] they have very technical information. It's a very complex message that you need to simplify, and so you can do that in copy, but in many cases they are writing their own copy, so the only way we have to achieve that is through the design layout, and you know generally we try and have as much white space as possible on a page, you know keep your copy to a minimum. It's also about though, finding, using imagery, photography, figures and diagrams to simplify information, so finding, simplifying a diagram as much as possible, using photography that resonates with the audience, and that reflects what is trying to be said in the copy (Con B, designer)."

Con A (Interviewee 2) also commented upon the relationship between content and design:

"There is certainly a tone of voice though in the content, and that does filter through in the visual language as well, like, the content is not flowery, it's not casual, and that it's a conservative language and the design is certainly conservative as well. There is a correlation between the visual and the content that way, yeah but it's also the design is certainly giving a certain depth towards what is being said as well, like with pull outs and focusing on certain parts of the information in order to make it easier to comprehend (Con A, Interviewee 2, designer)."

Therefore it appears that whilst design consultants may not contribute to the content of the reports, they play an important role in determining which aspects of the content will be emphasised, with Con A (Interviewee 1) noting that with respect to "pull outs":

"We work on a two level system with most reports, in that there should be a quick flick ability so that you could read upfront a quick look at something, and then if you need to, you can go into the detail, so you have this overall, and then detail, and the further the, you delve into the page, the more detail you will find.

But if you want just an overall impact of it, it is sitting in here [so] what we do when we get text is we can be going through text and saying well we will pull this out to here, this is the feature piece, we'll do that here, and then once we have done that first, sort of rough, to give them, we may not have had any guidance, besides a few instructions within the text, as to what they wanted to feature, but when they get it back, we have actually featured text, and featured stuff that they may not have thought of, and some of it they say, no we want that back in the text, most of it they say oh yeah, that's great, didn't think about that (Cons A, Interviewee 1, designer)."

The results of the analysis of the content of the social and environmental reports discussed in Chapter 8 suggested that the provision of white space in S&ER increased where a professional designer was used. As discussed in Chapter 6, the classification of white space was considered to be problematic as it may either potentially mislead readers by drawing their attention to certain aspects of the reports, or be used to aid readability and thus also may potentially be classified as being informative. The results of this stage of the research appear to provide greater support for the latter, with the comments from Con B provided above implying that white space is used to simplify complex messages. The interviewees from Con A spoke more specifically about the use of white space, noting:

"They tend to try and fill pages with information so much all the time, and we are trying to peel it back every year because white space actually helps with readability, we know that, just being designers and we try and put white space in, there is a point though where too much white space and it's just getting that sort of little bit too designery, I suppose, but not enough white space and it just becomes intimidating to read, so every year we are trying to say, no don't fill it up so much and pull it back a bit more, and things like that, so that when people pick it up and try to read it, they are not going oh my God, look at all that information, and just stop reading it [...]. I mean, we often get comments like, oh you designers with your white space, and things like that. It's quite often we are coming back, but it's about readability (Con A, Interviewee 1, designer)."

When asked why it was that organisations attempted to fill as much of the page as possible, the interviewees responded:

> "I think that it is, yeah, trying to look economical, is a big thing for them I think. If we are spreading it out over so many pages, it is so much white space, why can't we put a picture there, or something like that? (Con A, Interviewee 1)"

> "It's a utilitarian approach as well, they see a page as an opportunity to fill it, which is the thinking process that they apply, in their business practice, that does wonders for them, um, and so white space is a luxury, and they don't want to appear luxurious, it's a economical thing so, fill it, use it, use every little bit of it because that's good business practice. Whereas our approach is, you don't intimidate with that, you know, present the information in a way that is easy to comprehend, it flows cognitively (Con A, Interviewee 2)."

> "Yes, so it can be a little bit of a battle on that front (Con A, Interviewee 1, designers)."

This desire to look economical was also commented upon by Con B, who noted: "They don't want it to be seen as flashy, full coloured, its let's make this look like. It's not poor man's report, but let's look like we are not investing money where we don't need to be investing money (Con B, designer)." The results suggest that consistent with the Nexus of Theories provided in Chapter 4 socially constructed organisational identities are influenced in part by the external environment, with the interviewees attributing this desire to look economical partly attributed to the GFC, and also:

> "[I]t's just the way Australia does business, where it's conservative business here, and they said that is the way we stay (Con A, Interviewee 2)".

> "It's a hard working conservative, we progress, we progress strongly, but it's not (Con A, Interviewee 1)".

> "Its salt of the earth kind of progression, yeah, it's sweat of the worker's back, it's um, and it's very open, there is a certain dislike of fat cats, there is that dislike of (Con A, Interviewee 2)".

"Tall poppies, the whole getting too flowery, all of those sorts of things [...] So, and then that whole culture then comes through to when you are designing for businesses (Con A, Interviewee 1)."

With respect to the tendency of organisations to use as little white space as possible, Con B commented that it was often also due to more practical reasons:

"It's always a battle with the amount of content. Because these are very large documents, there is a significant print cost associated with them, so they're always, and there is a specific budget, and if they keep on adding pages, their print cost goes up. And the other consequence is the heavier the document the heavier it is to mail out and that affects mailing costs. So it's very much about, so that they try and limit it to a certain number of pages, and then everybody in different departments for instance is given, you know, a page limit, but they all want to put in as much content as possible, and so you get to the point where you are squishing as much content in as possible, and so what we would consider ideal in terms of the design layout, or what we had conceptualised you know, and presented to them initially, you know, when the copy wasn't there yet, was just you know, Latin, or fill-in, to what you get at the very last stages can actually look quite different (Cons B, designer)."

Whilst Con C clearly stated that "[w]e don't do design", the interviewee acknowledged that "we get involved with the designer in so far as we will check design proofs to make sure that things don't accidently get misunderstood, so that pieces of information that really should be all together on one page don't get split over two pages, and we will always do a check on the GRI index to make sure that the page numbers are correct, so we always get involved in design, up to a point (Con C, reporting consultant)". The results of the first stage of the research revealed that Org G occasionally had to push designers not to alter content. However, upon exploring this issue with the external reporting consultant results suggest that this may be the exception rather than the rule, with Con C commenting "[w]e've never had a designer ask us to change the content to fit the design, never. [...] No. Designers work with the material they are given. They might come and say, look, it would be really good if we had a picture here on this page, or we

might say to them, we want you to turn this bit of information into an info graphic but, no we have not have had problems like that with designers (Con C, reporting consultant).”

As discussed in Chapter 3, designers have been criticised in the annual report literature for their perception of reports as marketing documents, and Con B did comment that in preparing the initial drafts a greater emphasis was placed upon “those first few pages, which are very much the marketing pages (Con B, designer)”. As discussed in Chapter 4 organisations have been criticised for using images and improperly presented graphs as impression management strategies, which is based in part on the fact that visual imagery is a powerful communication medium that is subject to misuse. However, whilst the design consultants interviewed acknowledged the power of visual imagery, they also emphasised its importance in communicating with a broad range of stakeholders:

“[P]eople interpret information differently, some people like to read, some people just like to see things visually, so you need have that balance (Con B)”.

“There is a polarisation, I mean if initial studies that I was aware of some time ago are true when they say that up to 50% of the population is dyslexic, which means that they are visual thinkers, and that they have trouble understanding the hierarchies and the way text flows, the way that an accountant thrives then there really is an incredible polarisation in the community and there has to be somewhere in the middle that where everyone can kind of understand what is going on (Con A, Interviewee 2).”

However, whilst the external design consultants interviewed noted the important role visual imagery plays in communicating information to a wide range of audiences, they also suggested that reporting organisations often did not understand the significance of the role of design in communication:

“[P]eople kind of take our recommendations in that regard, and others won't, so I guess that’s the challenge, in people understanding the true value of design, and what it can achieve for them in terms of connecting with an audience, and making an audience actually read their report, rather than just pick up and put it down, and getting the content in that report to actually be relevant and

meaningful and resonate with that audience, so that they don't just read it, but they read it and take something away from it, and design can be really important in doing that […] the other key challenge, really is that people not seeing their report as a marketing document, yeah, it is a grudge purchase, we have to invest this amount of money per year we have to do this, we don't want to do this, um, and them not seeing the value of their own publication (Con B)".

"I suppose this is a bit of a generalization, but I've found that educating clients on design, upfront, is a challenge, on most jobs, and that's what [Interviewee 2] was pretty much saying, but um, its educating them that, you know, we sort of know what we are doing with design, it's not just a creative process where you plonk things down and get all arty farty and creative and all of that sort of thing, it's, it's, there's actually a science involved in it, and they don't see that, and if you actually say that to them, say that to an accountant, and they'd be going like "you what?" You know, there is the hard understanding there because designers think visually, we just have to it's the way we are made (Con A, Interviewee 1)".

"And we have to learn to think non-visually, for the client, and see it through their eyes as well (Con A, Interviewee 2)."

The Nexus of Theories provided in Chapter 4 placed a powerful individual at the top of The Nexus to indicate the influence one individual can have with respect to the construction of organisational identities, and the results of the interviews with external consultants support this proposition, with Interviewee 1 from Con A commenting upon the difference one individual can make with respect to the differences in design choices made:

"Five years ago we couldn't have done this stuff, going to a three column grid was considered radical, it truly was, and when a new person came in at a certain level it became possible, they wanted to see it, they wanted to, can't we do this, can we do this and all of a sudden it took on a whole different attitude because this person had more of an open idea about how things could be presented. There is still a long way to go, we are still like pushing them every year but it's actually

had that advance because of that one individual person in a key position in the company (Con A, Interviewee 1, designer)."

However, whilst acknowledging the difference one individual can make with respect to design choices, and consistent with both the Nexus of Theories and the comments from Con B above regarding some organisations viewing the report as a "grudge purchase" the interviewee also acknowledged that the power of these individuals to facilitate organisational change is in some cases restricted by the views of top management:

> "[T]here are still some companies that actually don't fully believe in it, they just have to do it, and I suppose some of those big companies still think that way, [...] the HR managers, the environmental managers within the companies do believe that it needs to be done, things like that, getting buy-in from the top executives is a little bit harder for them, depending on the attitude of the company, if the attitude of the company is very forward thinking in that way, then yeah they have a full positive push on it. If the company sort of, you know, we still need to think about the bottom line, we've got this to do, we've got that to do, it becomes a secondary thing, and it makes it harder for those managers who look after it to get that buy in from the top executives (Con A, Interviewee 1, designer).

As discussed previously visual imagery is a powerful communication medium that may be used as an impression management strategy, or may be informative if accompanying quantitative data with explanatory disclosures, and there is little evidence in the extant literature regarding the extent to which external design consultants contribute to decisions regarding the use of impression management in S&ER. The second stage of the research revealed that the majority of cases provided a greater proportion of potentially misleading images than informative images, and on average the majority of these disclosures were classified as being 'social' in nature. Whilst the comment from Con A provided above suggested that a reasonably collaborative approach to decisions regarding the inclusion of photographs was taken with Org C, Con B noted that more generally:

> "It depends, some organisations will have like a corporate library of photographs, and they will give you access to that library and they will say, choose whatever

images you best think fit the story. And it's usually, imagery in the first instance is you know, we'll understand what a page, what a particular spread, the topic of that spread is, and we'll find imagery that suits it. It is not often that clients direct that, we want this picture on this page, this picture on this page, this picture on this page. Obviously when the drafts go back to the client they will say, oh, we'd actually prefer an image that was focused a bit more on this, or you know, you know, okay, you know, we'd like that person to be Asian rather than, you know, stuff like that, or we'd like this imagery to be focussed on assets such as our tractor, or our building, versus people, stuff like that, but they will leave it up to us to then meet that visual brief and find them some other photo options, rather than trawl through the library themselves to find the photos. It also comes down to cost, so some organisations will have, each year they will have a photography budget, and they will go out and they will get new photography specifically for that year, and they'll say, oh, we really, we've, particularly if they have rebranded their organisation, then, you know, they might need new pictures of their trucks, and their, whatever, [...] depending on the organisation, they may have very firm ideas themselves and they will direct us more than allowing us to direct them. [...] So they will either have a library, they will source new photography, and in that case we might art direct the photo shoot, find the photographer for them, or we use stock imagery, and again, you know that will depend on budget, often royalty free etc. Or they will be willing to pay lots of money for it. And in some cases, it will be a mix of all three. In some cases, we will get specific instruction not to use photography at all, because it looks too expensive (Con B, designer)."

These comments are consistent with the results of the first stage of the research discussed in Chapter 7, which revealed that the extent of involvement of external designers varied. Con B also noted that their extent of involvement varied according to the clarity of the creative brief provided by the client:

"[H]ow well the creative brief is, how tight the brief is, will again depend on the organisation. Some of them will have already thought about it internally really

well, they would have brainstormed internally. They're really tight on this is what this key message is, this is what the focus is, this is what has to revolve around, and they will very much tell us that, and then it is our job to interpret that creatively and visually. Other people don't know what their key message for the year is, and they're very vague, and it's almost up to us to, and in that case what we will do, we'll provide reverse brief, we will say to them, tell us where your business is now, in the next 3 years what are you going to do, you know, sustainability wise in particular in this case, you know, what are you heading towards, what are your goals, what are you doing now, what aren't you doing now that you want to do, and we will go back and we will articulate it back to them, and we will say, this is your situation as you have told it to us, given that, we think your report this year could take a few different directions, we think you could focus on this, this or this and for each of those directions, strategic directions, you could creatively present it like this or this (Con B, designer)."

Consistent with the comments from Con B above noting that they often have a high degree of involvement in initial decisions regarding the presentation of the reports, particularly with respect to the provision of photographs, Interviewee 1 from Con A noted:

"[W]e do have with this particular client quite a large input into how it's going to look, they have liked our approach the last few years where we have actually, they have really liked people on their covers, and staff, they have been focusing a lot on staff, so you know, when doing this one for instance we actually proposed that we should have a group of people on the cover, that we should have a focus on someone, and we should have this whole concept of people being affected in the background, and have this sort of moving the people around so it would have the different focuses within that, in the groups and things. And when we presented that they liked it. So that went ahead like that, so yes we have that first impact into that design I suppose, yes (Con A, Interviewee 1, designer)."

This focus on staff and affected stakeholders by Org C is consistent with the results of the second stage of the research, in which the majority of images disclosed by Org C were classified as

being 'social/people'. This focus on 'people' images was further explored during the interview with their design consultant, revealing that according to Interviewee 1 from Con A:

> "[P]eople on covers and things like that do actually have more of a connection. When you pick up a cover of a report, or whatever, it means, if you have got that sort of eye contact, friendly faces, it is actually really quite positive. If you have pictures of rocks on the front cover, it can look really pretty and nice but it doesn't have that personable connection, as such, so I think that has a lot to do with where they're at as well. They are for people, they are for patients, so that's their goal, their aim, and having that translate onto the covers of their documents actually reinforces that, and particularly with annual reports and things this is [indicates to particular images], they're both staff, so you have this whole, it's about the people that work here, it's not just about, you know, the product at the end. It's all done by a great team of people, as such [...] because it's about patients. Our client is quite strong on that point that he likes to see patients on the cover of the CR report. I don't mind what they do on the annual report, I don't know what they are doing on the year in review, but I want a patient on the CR report (Con A, Interviewee 1, designer)."

In addition to having an influence on the way in which organisations present themselves externally, in some cases the external designers also had an influence on the way in which the organisational representatives perceived the organisation, with Interviewee 1 from Con A noting:

> "[W]e did this with a client, they were talking about rebranding, they were talking about how they were going to put themselves across. We gave them a list of questions, where do you want to be? How are you focused? What is your main goals? Where is your mission statement? Da da da da, quite strong business questions so that we could understand the character of their business and start from there. Apparently it had the Board of Directors, had the top executive management in an uproar, they were all fighting among themselves to decide what direction they were going, so [...] we've actually created quite a massive catalyst for them to get themselves into some sort of direction and focus, so, yeah, which was really quite interesting too, so you have the two ends of the scale, so you can

have this massive, massive influence, you know depending on the seriousness how the client takes it (Con A, Interviewee 1, designer).

This sort of organisational introspection required was also commented upon by Con B, who stated:

"[A]nd some organisations, it can become quite defensive about that, you know, particularly very commercially minding organisations where you have got an MD who is, you know, very revenue profit focused, and don't really have an interest in sustainability or their impact on it. [...Y]ou know, it's that level of sophistication that they don't have, and in that case it's like oh we have to do it because everyone else is doing it, but I don't really want to do it. But you know, in this day and age, that is probably rare (Con B, designer)".

As discussed in Chapter 7, after determining the content of the social and environmental reports, including the provision of graphs and photographs, the final step in the S&ER process prior to publication is the approval of the final report. Several of the interviewees in the first stage of the research commented upon the occurrence of conflict when obtaining final approval for S&ER, and these difficulties were reiterated and somewhat explicated by Con C, who noted that whilst the main challenges in S&ER related to data collection,

"once you do get to the point where you have got information that is reliable, then, the challenge is going to be getting it signed off at the Board level. Usually CEO's and Senior Managers are on board with this, because the reporting manager has had to get their permission in the first place, so this group has been bought in, but then it's going to be up to the CEO to take the Board on the journey and the CEO does not, and Boards, it's not universally true, there are people on Boards who do understand this, and drive the agenda, but Boards are incredibly risk averse, and very short term thinking, very short term [and] if the Board has not been adequately prepared internally for this, that's where you hit a roadblock and you will sometimes have Boards sending you back off to the drawing board, so we don't like that to happen, so we will take a lot of care with our clients to make sure they understand the internal buy in

processes, and the challenge of organisational change, so there will often be seminars and educational briefings, and one on one discussions, and pieces of research, and a whole sort of culture change and communication program that might need to fit alongside the reporting project (Con C, reporting consultant)".

Similarly Con B noted that "often within very large organisations there is lots of levels of hierarchy of approval, and you will find that a concept gets watered down and diluted the further up the chain it goes, or you might find that there is a CEO, or an MD who, um, is just a very, their decision is the final decision, so everybody else in the corporation or the decision making that you have come across is very firmly aligned with one particular concept, but three concepts go to the MD, and he says no, this is the one I want, so there is not much you can do in that case (Con B, designer)".

The above discussion has focused on the insights provided by the external consultants regarding the organisational choices made in the development, production and provision of S&ER to those who have a right to know. If groups or individuals have a right to information regarding organisational social and environmental performance, it is important that the information provided by the organisations is relevant, and that all material information is disclosed. As discussed in Chapter 3, evidence from the extant literature suggests that organisations show a tendency towards bias and selectivity in their voluntary social and environmental disclosures, indicating that they are not best placed to determine relevance and materiality of information from a stakeholder perspective, which was supported by the results of the first stage of this research. Therefore, the third step of the normative model requires active engagement with stakeholders in the reporting process in order to determine the information needs stakeholders. The insights of the consultants interviewed regarding this step are discussed in the following section.

9.2.3 Step Three – Active Engagement with Stakeholders in the Reporting Process

As noted above, following the preparation, approval and publication of the external social and environmental report, the third step of the normative model requires active engagement with stakeholders in the reporting process. This engagement with stakeholders is the first step in determining the materiality of those aspects of social and environmental organisational

performance an organisation is expected to be held responsible for. Whilst Cons A and B, by the nature of their specialised design service provision, were not involved in this sort of activity, Con C had "done hundreds and hundreds of interviews with stakeholders for materiality assessments (Con C)" and noted:

> "[A]ll our materiality assessments include external and internal stakeholder perspectives, we think it's terribly important for the external stakeholders to be, and it's a requirement of GRI, but even if it wasn't a requirement of GRI it makes sense that if sustainability reporting is about accounting for the impacts of the organisation, then you have to talk to those who are impacted, in order to do a fair account of the impacts, not just those who create the impacts, so to me it's a no brainer that you need stakeholder engagement as part of the materiality assessment (Cons C, reporting consultant)."

As discussed in Chapter 7, the interviewee from Org G expressed frustration at having to report upon "everything" in order to achieve a GRI A rating. Con C also commented upon this, noting that from a stakeholder engagement perspective:

> "I think what's becoming more, better understood by reporting companies now is that the materiality assessment has the potential to contribute so much more than just identifying issues for the report, because if you're an A level reporter, you have to report on everything anyway, and so A level reporters, perhaps some of them have looked at the materiality assessment, and looked and said why bother we are going to report on everything anyway so why would we bother to find out what people think are the most important impacts, and we would always suggest to them, well, it's about the emphasis of the report, what are the things that you really want to focus on, and what are the things that can almost be, you know put into the small writing, or put into a data pack at the end, so we argue there is always a good case to do a materiality assessment (Con C, reporting consultant)."

If organisations are engaging with stakeholders in order to determine the issues that are material to stakeholders, or what it is that they are to be held responsible for, it is important that

stakeholders are able to rely upon the information reported. Therefore the fourth step of the normative model requires the provision of assurance for the social and environmental report, and Step Five the active engagement with stakeholders in the assurance process in order to determine whether the information needs of key stakeholders have been addressed. The consultants interviewed were unable to provide a great deal of insight into the assurance process, because as noted by Con C (reporting consultant) "[y]ou would have to ask a reporter that". However, Con C did offer some personal views on the value of assurance and whether accountants or consultants are best suited to the provision of external assurance. These perspectives are discussed below.

9.2.4 Step Four – Provision of External Assurance

As discussed in Chapter 7, the results of the first stage of the research indicated that the interviewees had varying views regarding the provision of assurance, ranging from it being "really, really important (Org B)", to "a cost benefit issue (Org H)", and with respect to value "it definitely adds value to the stakeholders" (Org D), however "it wouldn't add value to the business (Org B)". As noted above the consultants interviewed in this third stage of the research were not able to provide a great deal of information regarding the assurance process. However, Con C did comment upon the value of assurance, stating:

> "I think it's patchy, I think because assurance, even though there are assurance frameworks, so, for example, ISAE3000 and AA1000, it's still too open, and you can specify, yeah, I don't think assurance adds, consistently and always, adds a lot of value. The main value, as a generalisation, the main value it provides is in giving assurance to stakeholders that what they are reading is a true account, a realistic appreciation of what's going on in the company, but, if you look at the detail of what is in assurance reports, the scope is often specified down to something that's so small and narrow, with such a wide, you know, range of tolerances, that a really you know careful reader of sustainability reports might not put so much value on the assurance statement, and, look I think that in the ideal world, reports would be assured, and the assurance would be worth it, and

the assurance would add value, does it always actually work like that? Probably not (Con C, reporting consultant)."

Following the Con C's suggestion that the value of assurance is to stakeholders, the interviewer commented upon the fact that the assurance statement is typically addressed to management, rather than stakeholders. The interviewee responded:

"And we never see the report to management anyway, we simply see the statement in the report, and they are all very formulaic and they are all very carefully worded, you know we did not find anything that would cause us concern, they're all negatively worded, so they are all extremely cautious. They are vetted by management before they are published, and so, it is a rare organisation that would publish an assurance statement that they felt they couldn't handle in some way or another (Con C, reporting consultant)."

The results of the first stage of the research revealed that the majority of cases considered consultant assurance providers to be best suited to the provision of assurance for S&ER. Whilst accountants were acknowledged as being more thorough (Org G), and better suited to the assurance of certain types of information (Org J), they were considered to have too narrow a focus (Org D), and were less in tune with the principles of AA1000 (Org J). This is consistent with the views of Cons C, who stated:

"I think actually probably accountants are best placed to do it, because of their particular type of training. If that type of training in auditing and verification could be offered consistently to consultants and engineers and so on it's probably better. The problem with accountants is that they understand process, but they don't understand sustainability context, and that is why so many organisations choose not to use accountants for their verification. […W]hen accountants can truly understand the context for sustainability, as well as business processes, then they will be in a much better position to be the genuine go to people on assurance (Cons C, reporting consultant)."

As discussed in Chapter 7, the cases studied appeared to engage in S&ER for a variety of reasons, and often for several different reasons simultaneously, many of which could be

classified as being 'business case' reasons, which as discussed in Chapter 4 does not discharge S&EAA. In order to discharge S&EAA organisations should provide an account of social and environmental performance due to the recognition of a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation. However, the organisational representatives interviewed in the first stage of the research appearing to acknowledge this responsibility as the sole reason for S&ER were in the minority. The views of the organisational representatives on the motives of their organisation may be subject to self-presentation bias. Therefore, as outsiders, it may be enlightening to consider the consultants' views on why organisations engage in S&ER, which are discussed in the following section.

9.3 Organisational Motives for S&ER

As discussed above the provision of S&ER due to a recognition of responsibility is an important aspect of the discharge of S&EAA, and the results of the first stage of the research indicated that the cases studied engaged in S&ER for a variety of reasons, many of which fell under the category of a 'business case'. Furthermore, the majority of those organisations that did appear to consider their responsibility to their broader stakeholders also cited 'business case' reasons, and many of the interviewees commented upon the difficulties they had faced in pushing aspects of S&ER within their organisations. This is consistent with the comments from Con C, who noted:

> "[T]here will always be more than one reason why an organisation wants to do something, so the reasons are usually multilayered reasons why they want to do something, and there will almost always be somebody in the organisation, perhaps even the person who originally approaches us who is just a sustainability zealot, and they have been pushing this agenda in their organisation and so they have a personal commitment and passion for sustainability or corporate responsibility and they have been able to build enough of a business case to get to the point where they can start talking to a consultant (Con C, reporting consultant)."

In the first stage of the research the interviewee from Org H noted that one of the reasons they engaged in S&ER was to tell their story, which they thought was a good one, yet the interviewee noted that there was often a reluctance to disclose what might be considered to be bad news, and

in Stage 2 of the research Org H were revealed to disclose the second highest amount of potentially misleading information. It is interesting to note that Con C provided an almost verbatim reiteration of this motivation, and emphasised the importance of their role as consultants in changing this perception:

> "I think companies start out sometimes thinking that reporting is going to be pretty straight forward because they have got a good story to tell, and, but by the time they get to the end of their first report they realise the main value of the report has been in almost like a holding a mirror to yourself and doing a little bit of introspection and doing a bit of, you know, asking yourself questions like, where are we? Is this where we want to be? Is this good enough? Where do we want to go? How are we going to get there? And sometimes it's only after going through one complete reporting cycle that the argument that we can always make that this is about performance management and performance improvement, more so than putting on a good face to the outside world, it's only sometimes after going through a complete reporting cycle that organisations truly understand that. They say they understand it, right from the beginning, but they only truly understand it once they have experienced it. [...A]t the beginning of the process it might be 70/30 in favour of impression management over accountability, by the end of the process, if we have done our job properly, it's the opposite (Con C, reporting consultant)".

One aspect of the business case that was highlighted as a motivation for S&ER by the external consultants interviewed was competitive advantage, with Con B noting "it's almost entry to the game [...] it's almost what they have to do to profit, you know, and it's also what the consumer wants (Con B, designer)". However, the most commonly identified influence on the decision the engage in S&ER from an outside perspective was the institutional environment, with Con A (Interviewee 1, designer) noting "I think it's becoming more and more", and Con B: "If you're not doing it, you are going to look bad, so you have to do it (Con B, designer)." Similarly Con C commented:

> "[I]n the mining industry, one of the big drivers for the mining companies that we work for is the fact that A+ GRI sustainability reporting is a requirement of

membership to the International Council on Mining and Metals, so with some of our clients it's a compliance driver for ICMM. With other clients, for example we have done some work with superannuation funds and industry owned, companies that are owned by industry superannuation funds, and some of the drivers there include the United Nations Principles for Responsible Investment, so sometimes it's about complying with that, sometimes it's about wanting to walk the talk in so far as they are providing socially responsible investments, they are doing ESG analysis themselves of the kinds of companies that they're investing in, and so they want to walk the talk. Other reasons why a company might start is because, particularly in the more recent years, some kind of institutional pressures and forces, like everyone else in our industry is doing it so we should be doing it as well, we don't necessarily want to be a leader, but we don't want to be the laggards either, so a sense in which, a sense in which they want to maintain parity with their peer companies who have already started reporting. A few years ago, some of the reasons were more like we want to be a leader in our industry so we want to sustainability reporting, but more recently the reasons are more about, well this is a normal thing to do and so we ought to get to grips with it as well (Con C, reporting consultant)."

The results of the first stage of the research suggested that even amongst those organisations that recognised a sense of responsibility to external stakeholders, there was reluctance, particularly amongst executive management, to disclose what might be considered to be bad news. The consultants interviewed supported this view, with Con C noting that with respect to the provision of balanced reporting:

"Oh they understand that that's necessary. [...A]nd when we explain the reasons why to companies, they do understand that and they accept it and agree with it, but implementing that is more challenging, and the reasons why implementing it is more challenging, is because of the hierarchical nature of organisations, and the need to get sign off at different levels, and ultimately at the Board level for this report. So even though the direct client, who will be the sustainability reporting manager totally gets this, and is totally committed to a balanced, sober

account of performance, by the time it gets up to, particularly the Chief Legal Officer or the Chairman, or somebody on the Board they will start to get nervous about, well can well really disclose that, or we can't disclose this and we do sometimes have, I wouldn't say arguments and fights, but we do have challenges with ensuring that balanced accounts get published, and usually our direct client is on our team, you know, we are seeing things, they are seeing things the same way as us, the challenge is with others in the organisation who perhaps haven't had the same education, or the training in GRI or they haven't then been exposed to the full understanding about sustainability and sustainability reporting, and so, they, Boards are at the moment, I think, the biggest stumbling block than any other part of the organisation, and being able to get through a balanced account of performance in the area of sustainability (Con C, reporting consultant)".

Consistent with several of the comments made by the organisational representatives in the first stage of the research, Interviewee 1 from Con A suggested that this reluctance to disclose what might be considered to be bad news was in part due to the fact that "some companies like Org C can only be transparent to a certain level before they are actually hurting their own IP (Con A, Interviewee 1, designer)". However, the design consultants interviewed also acknowledged the benefits of balanced reporting, particularly with respect to reputational benefits:

"[Y]ou can't be a competitor in this market, unless you are transparent in terms of what you are doing, with regards to sustainability, particularly if you are a resource heavy organisation, it really is one of those cases where you just have to do it [...] particularly where if there is a corporation that has a need for very good PR, because perhaps what they're doing isn't viewed favourably in the local community, it becomes even more important in that case that their report reflects what they are doing in a good way and generally their response to that is to put in more information rather than less information, and to be seen to be as transparent as they possibly can (Con B)."

"There was with the GFC as well with the opinion that there was lots of secret kind of dealings and you know poor behaviour in the company, so by appearing transparent, you're like, we weren't a part of that (Con A, Interviewee 2)".

The S&ER consultant interviewed reiterated the reputational benefits of S&ER, and also the importance of balanced reporting from both a stakeholder and 'business case' perspective, which is consistent with the comments from Org J with respect to the feedback they had received from a key stakeholder regarding the importance of balanced reporting:

> "There is clearly brand value to be obtained from sustainability reporting, and we know that reporting makes a substantial contribution to reputation because of the studies that we have done with reporting organisations. It's basically, even a crappy report will have a good reputational benefit because stakeholders will look at it and say, oh well, at least they are giving it a go. If the second and the third report are not very good though, they will start to create problems for themselves, so you can get away with a pretty fluffy report the first time around, but, expectations will rise on the subsequent report, and if you don't really understand the need for true performance accountability by the second report, you may start to run into problems of, on the one hand escalating expectations of stakeholders and your development of your report not keeping with pace with their rising expectations. The minute you report, stakeholders are expecting that you are actually going to account for performance, not just tell them some good news stories, and if you don't, you will create problems down the line (Con C)".

Therefore, consistent with the results of the first stage of the research, the results of the interviews with external consultants suggest that organisations are motivated to provide an account of their social and environmental performance for a variety of reasons, and may be motivated by both a sense of responsibility and 'business case' reasons simultaneously. Furthermore, despite the benefits of organisational transparency, and the risks associated with failing to provide a balanced account, there appears to be a reluctance to disclose what might be considered to be bad news at the Board level, even amongst those organisations that appear to recognise a sense of responsibility.

As discussed in Chapter 7, this lack of a desire to provide balanced information to stakeholders may be indicative of a need to introduce regulation in order to ensure that stakeholder needs are met. Whilst the organisational representatives interviewed had varying views on whether S&ER should be mandatory, all of the consultants interviewed were in favour of regulated S&ER, with

the exception of Interviewee 2 from Con A (designer), who acknowledged "It's outside of the subject in which I am more comfortable discussing, I suppose". However, Interviewee 1 from Con A noted "I think there's a few things that can actually be reported that keeps the company honest and answerable. They can get away with too much. Yes [...] I think it can actually change the culture of the company as well which I find quite interesting (Con A, Interviewee 1, designer)." Cons B and C were also both strongly of the view that S&ER should be mandatory, although all for slightly different reasons, with Con C arguing that economic performance should not be the only measure of organisational performance:

> "Well, every organisation has social and environmental impacts, every organisation is responsible for its social and environmental impacts, so why should it be, you know, mandatory to only account for one narrow type of impact and not all of the impacts (Con C, reporting consultant)".

Alternatively, Con B noted that whilst they strongly believed that for-profit organisations had a responsibility to use resources responsibly and give back to the community "when necessary (Con B)", "if I look at it from a business commercial strategic point of view, you know, it comes back to, the majority of consumers I would say in this day and age, that's their expectation, that you treat the Earth and its resources responsibly, and you need to respond to that consumer need, but yes I do think it should be mandatory (Con B, designer)."

This focus on strategy is consistent with the comments made by Org G noted in Chapter 7 regarding the business case for mandatory S&ER, and the results of the first stage of the research revealed that many of the cases studied appeared to place a greater emphasis on financial performance and communicating with financial stakeholders. Con C acknowledged this shareholder primacy issue and its implications for the regulation of S&ER, noting: "where investors are on side you have got a better chance of getting mandatory reporting (Con C, reporting consultant)".

9.4 Summary

In summary, each of the consultants interviewed in the third stage of the research was able to provide different perspectives regarding the organisational choices made with respect to the steps required to be undertaken in the normative model. The first step of the normative model requires

the organisation to undertake S&EA, and the results of this stage of the research suggest that one of the greatest challenges in S&ER is data collection due to the lack of integrated internal accounting and reporting systems. The second step in the normative model is the development, production and provision of the external report, and the data from the interviews with external consultants suggests that design may be used to simplify complex messages, and that stakeholders value information provided in the form of case studies. The third step in the normative model requires active engagement with stakeholders in the reporting process, the importance of which was emphasised by one of the interviewees. Finally Steps 4 and 5 require the provision of external assurance for the report, and the active engagement with stakeholders in the assurance process. One of the consultants expressed the view that whilst accountant assurance providers may be better placed for this sort of assurance service due to their particular skill-sets, they lacked the broader understanding of organisational activities necessary for the assurance of S&ER.

Consistent with the results of the first stage of the research, the consultants suggested that organisations are motivated to engage in external S&ER for a variety of reasons, many of which may be classified as falling under the 'business case' for S&ER. The consultants noted that there was often a reluctance to disclose what might be considered to be bad news, mainly for competitive reasons and particularly amongst top management.

The analysis of the results from the first, second, and third stages of the research has focused predominantly on S&ER in the form of stand-alone or integrated hard-copy reports. However stakeholders are increasingly expecting the provision of information in a form that they can interact with. The internet is an important communication tool and it may be that organisations are investing more into their websites than in other forms of S&ER. Therefore, the final stage of the research involved an analysis of the design, usability and accessibility of the reporting organisations' websites, which is discussed in the following chapter.

Chapter 10 - Results of Stage 4: Analysis of the Design, Navigability and Accessibility of the Reporting Organisations' Websites

10.1 Introduction

This study involved a field study comprised of ten cases and was conducted in four stages. The first stage involved interviews with representatives of S&ER organisations, and the second stage content analysis and comparison of the social and environmental reports produced by those organisations in 2011 and immediately prior to the interviewees in stage one of the research becoming the lead reporters within their respective organisations. The third stage involved interviews with external design and S&ER consultants employed by organisations to assist with their S&ER. The results of the analysis relating to the first three stages were discussed in the previous three chapters. The purpose of this chapter is to discuss the results of the final stage of the research, which involved an analysis of the design, navigability and accessibility of the websites of the reporting organisations.

The internet is an important communication medium and facilitates the use of features not available in traditional print media. Therefore the purpose of this final stage of the research was to act as a form of control against the possibility that the cases studied were investing more in S&ER on their websites than in other forms of reporting, and to triangulate the data. The results of the analysis of the design, navigability and accessibility of the organisations' websites are discussed in Section 10.2 below, before a brief summary is provided in Section 10.3.

10.2 The Design, Navigability and Accessibility of the Reporting Organisations' Websites.

Stages One, Two and Three of the research focused predominantly on the steps involved in preparing stand-alone or integrated external S&ER, the content of the reports, and how such choices were made. However, several of the interviewees in both the first and third stages of the research emphasised the importance of online reporting due to its accessibility and interactivity. As discussed in Chapter 3, in order to discharge S&EAA it is important that organisations use several communication channels to best meet the information needs of a wide variety of stakeholders. The internet provides the facilities for stakeholders to proactively seek out information regardless of geographic location, and enables communication features not available

in traditional print media such as the use of multi-media and dialogic forums. Therefore, rather than attempt to replicate the content analysis conducted during the second stage of the research on web-based disclosures as has been done in previous studies, the final stage of the research examined the design, usability and accessibility of the social and environmental sections of the reporting organisations' websites.

As discussed in Chapter 6, the methodology used to test the navigability, design, and accessibility of the websites of each case was adapted from Rodriguez Bolivar (2009) to include social information in addition to environmental information, and additional criteria were added to include passive one-way communication methods, interactivity, and the use of multi-media. A weighting of 1.0 was applied to each criterion, resulting in a total possible score of eleven for a well designed, navigable and accessible website.

In the cases of criteria 'electronic formats', and 'passive dialogue', of which there were two or more sub-categories, the weighting of 1.0 was divided across the sub-categories. 'Passive dialogue' may take the form of enabling stakeholders to subscribe to automatic updates of the website, or providing feedback forms, and each was allocated a weighting of 0.5. The 'electronic formats' of the websites include XML/XBRL and HTML, and documents uploaded to the websites XLS, PDF or DOC. Consistent with Rodriguez Bolivar (2009), 'electronic formats' HTML and PDF/DOC were allocated a weighting of 0.2, and XML/XBRL and XLS a weighting of 0.3 due to their greater functionality, resulting in a total possible score for 'electronic formats' of 1.0. The results of this analysis are displayed in Table 10.1.

Website Features		Case									
		A	B	C	D	E	F	G	H	I	J
S&E Section		1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.5	1.0	1.0
Site Map		1.0	0.0	1.0	1.0	1.0	1.0	1.0	0.0	0.0	1.0
Report		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	0.0	1.0
Link to FSs		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Hyperlinks		1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Electronic Formats	XML/XBRL	0.3	0.3	0.3	0.0	0.3	0.3	0.3	0.3	0.3	0.3
	HTML	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
	XLS	0.0	0.0	0.0	0.0	0.0	0.3	0.0	0.0	0.0	0.0
	PDF/DOC	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2	0.2
Translation		0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Contact		1.0	1.0	0.0	0.0	1.0	0.0	1.0	0.0	0.0	1.0
Passive Dialogue	Updates	0.0	0.0	0.0	0.0	0.5	0.5	0.5	0.0	0.0	0.5
	Feedback	0.0	0.0	0.5	0.5	0.5	0.5	0.0	0.5	0.0	0.5
Interactivity		0.0	0.0	0.0	0.0	1.0	1.0	1.0	0.0	0.0	1.0
Multi-Media		0.0	0.0	0.0	0.0	1.0	0.0	0.0	0.0	0.0	1.0
Total (/11)		**5.7**	**4.7**	**5.2**	**4.9**	**8.7**	**7.0**	**7.2**	**3.7**	**2.7**	**8.7**

Table 10.1 Navigability, design and accessibility of corporate websites

Each of the cases had a specific section of the website devoted to the provision of social and environmental information, with the exception of Org H, who did not provide any environmental information on their "sustainability" web page and thus received only 0.5 for criterion 'S&E section'. This is somewhat surprising given that Org H were one of the few cases to utilise a fully certified EMS across all sites and only one of two cases to provide informative environmental images in their most recent report. However, as discussed in Chapter 7 the interviewee from Org H did acknowledge that that they were yet to set quantitative environmental targets, and that he had worked very hard to reduce the number of potentially misleading environmental images in their reports. Furthermore, the interviewee did note that their EMS was not utilised in their S&ER, and commented:

> "Oddly enough, we're talking about sustainability reporting, and you're talking about environmental management systems in particular, whereas, for our company, quality and safety are at least as important elements of sustainability as environment. And it's funny that sustainability as a term often has a very schizophrenic existence and for some people it's a synonym for environment, for others it has the broad three pillars kind of meaning and there's no reason for the environment pillar to be any more or less important than the other ones, in fact, it's a foundation view of sustainability that they're equally important 'cause sustainability is a human centred view, whereas environmental management is a kind of environment centred view and even though I've come from the environment management world, I quite like that aspect of sustainability, although it sometimes makes it difficult to focus on anything in particular (Org H)."

Therefore, the absence of any environmental information in the 'sustainability' section of Org H's website appears to be consistent with the organisation's anthropocentric view of sustainability, and an organisational culture which fosters a strong health and safety focus, set by a Board "not quite so personally passionate (Org H)" about environmental performance. Whilst a strong health and safety focus is commendable, as the interviewee from Org H noted in the above quote each aspect of sustainability is equally important, and the organisation did have greater resources devoted to social aspects of performance management than environmental aspects.

The second criterion, the provision of a site-map, is important as it aids the navigability of a web-site, particularly when the user is searching for a specific piece of information. Of the cases studied seven of the ten provided a site-map of their websites, the exceptions being Orgs B, H, and I. Org I was also the only case that did not present their web-based social and environmental information under the name of a 'report', which is consistent with the results of the previous stages of the research which indicated that the upper management of the organisation did not take S&ER seriously.

Rodriguez Bolivar (2009) suggested that web-based disclosures should include hyperlinks to aid navigability and that environmental information should be linked to financial information in order for stakeholders to see the direct financial impact of environmental performance. The present study expanded the search criteria to include social information and found that whilst hyperlinks were utilised on the websites of every case studied, none of these links were to financial information. With respect to the electronic formats of the websites, all used HTML, and with the exception of Org D also used XML or XBRL. Similarly all cases provided social and environmental information in PDF or DOC format. However Org F was the only case to also provide information in XLS format.

It is interesting to note that none of the cases provided a translation function on their websites, particularly given the multinational nature of the majority of the cases studied. When this was revealed in the analysis a search was conducted to determine whether the organisations provided alternate global or country-specific websites. However, none were found and the interviewee from Org B noted that whilst "[w]e've got an employee, global employee survey [...] and it's translated into all of our languages [...] we don't translate the report into any other languages (Org B)." As noted by the interviewees from Orgs A and B: "we're in 43 countries, we've got 40,000 people, we're in just about every country actually on the planet (Org A)" and "we're global, we operate in 15 different languages or something stupid (Org B)", and Interviewee 1 from Con A commented "I mean Org C are 10,000 strong, they're across 26 countries (Interviewee 1, Con A)". The interviewee from Org H did acknowledge that "[o]ne of the things I struggle to do is get material that comes from the wider business so it's often criticised for being an Australian centric report which is a perfectly valid criticism (Org H)". Similarly the interviewee from Org B noted:

"[M]aking sure that it, yeah, it's a global approach for a global company is the biggest challenge I think. And we don't translate the report into any other languages so it's a very, we try hard not to make an Australian centric report but at the end of the day it's an Australian business that's run in Australia with the major operating facilities in Australia, so, yeah, there's a fine line between putting too much stuff in there that isn't actually relevant (Org B)."

Furthermore, only half of the cases studied (Orgs A, B, E, G, and J) provided contact details on their websites for specific queries regarding their social and environmental performance. However in several cases (Orgs B, E & G) these were generic, rather than personal email addresses. It is interesting to note that of those organisations that did not provide contact details on their websites, they all did provide personal contact details for the lead reporters (the interviewees) in their stand-alone or integrated reports. The results of the stage one interviews suggest that the interviewees had little involvement in the development of the websites, which was reiterated by Con B: "what you will find these days is that there is actual separate digital team that again you have to interface with (Con B, designer)", and thus this may be an indicator that whilst the individuals within the organisation responsible for S&ER may be accessible, the organisation as a whole is not.

With respect to passive communication methods, Orgs E, F, G, and J provided an RSS feed allowing stakeholders to subscribe to updates of the S&ER pages on the website, and just over half of the cases (Orgs C, D, E, F, H and J) provided feedback facilities. As discussed in Chapter 6 the internet also provides the facilities to engage in real time two-way dialogue with multiple stakeholders in dispersed geographic regions, simultaneously, and this has been made even simpler with the emergence and popularity of various social media platforms. However, the results of this stage of the research reveal that less than half of the cases studied (Orgs E, F, G & J) had links to interactive discussion forums on the social and environmental pages of their websites, and the interviewees from Org E and Org F did note that these discussion forums weren't utilised as effectively as they could be within their organisations.

Furthermore, whilst the internet allows for other features not available in traditional print media, such as multi-media, only two of the cases (Orgs E & J) made use of multi-media on the social and environmental sections of their websites. These organisations also scored highest overall

with respect to the design, navigability and accessibility of their websites, with both achieving 8.7 points out of a possible 11. Whilst it may be expected that Org E, being a telecommunications company, would have a well-designed website, industry classification cannot explain the high score achieved by Org J, dealing in real estate, or why their website would be more navigable and accessible than that of an organisation with a higher proximity to end-users, such as Org F in the banking industry. The results may be explained by Con B, who commented:

> "The extent to which they do, what format they use online will again differ from organisation to organisation. So some of them will build a customised HTML website, micro-site that links to their existing corporate site. Some of them will just upload PDFs, literally, and then there is the spectrum in between and again depending on the scale/scope of the organisation, the amount of money they can invest, the amount of ROI they think they are going to get, they will introduce different features and functionalities into that online site (Cons B, designer)".

The purpose of this final stage of the research was not only to test the navigability, design and accessibility of the cases' websites, but also to triangulate the data and act as a control against the possibility that the cases were primarily using the internet to report upon their social and environmental performance, rather than paper-based reporting. Therefore the total scores for the design, navigability and accessibility of each of the cases' websites are displayed in Table 10.2 from lowest to highest, together with some of the key results from stages one and two of the research.

Case	Website Score (/11)	Potentially Misleading Info (%)	Stakeholder Engagement
Org I	**2.7**	48.42	Medium
Org H	**3.7**	35.54	Medium
Org B	**4.7**	12.11	Low
Org D	**4.9**	18.18	Medium
Org C	**5.2**	15.09	Low
Org A	**5.7**	N/A	Low
Org F	**7.0**	22.19	High
Org G	**7.2**	19.88	High
Org E	**8.7**	18.88	High
Org J	**8.7**	18.68	High
Average	**5.9**	**23.22**	

Table 10.2 Website scores from highest to lowest, proportions of potentially misleading information disclosed in 2011 reports, and degree of stakeholder engagement undertaken

The key results from stages one and two selected for comparison are the degree of stakeholder engagement undertaken by the reporting organisations, which was discussed with interviewees in the first stage of the research, and the provision of potentially misleading information in their more recent reports, which was revealed in the content analysis conducted in the second stage of the research. Both are important with respect to the discharge of S&EAA, in that an organisation should engage in active two-way dialogue with both internal and external stakeholders to determine for what it that they are to be held responsible, and ensure that the information needs of those to whom they are responsible are being met. If the information disclosed is material to stakeholders, organisations should endeavour to ensure that as little potentially misleading information, which is susceptible to impression management, is disclosed as possible. The stakeholder engagement activities undertaken by the cases studied, which were discussed in detail in Chapter 7, are summarised here as being either 'low', 'medium', or 'high', with 'low' involving only passive one-way communication, 'medium' being active two-way communication predominantly in the form of interviews, and 'high' being active two-way communication via multiple channels.

The total scores for the websites of cases studied ranged from 2.7 (Org I) to 8.7 (Orgs E & J) out of a possible eleven points, with the average being 5.9 and a higher score indicating a higher quality of design, navigability and accessibility. When comparing these results to proportions of potentially misleading information and the level of stakeholder engagement undertaken by the organisations, some clear patterns emerge. Org I and Org H scored 2.7 and 3.7 on the design, navigability and accessibility of their websites, respectively, which is considerably lower the average score of 5.9. Both cases also disclosed considerably higher proportions of potentially misleading information than the other cases, and whilst both cases undertook medium levels of stakeholder engagement, this engagement was restricted to interviews with internal stakeholders in the case of Org H, and external interviews with select stakeholders in the case of Org I. Interestingly, both organisations had comparatively low resources devoted to S&ER, suggesting that, consistent with the above comments from Con B, the upper level decision-makers within Org H and Org I failed to see a high degree of ROI with respect to S&ER.

At the other end of the scale are Orgs F, G, E and J, who all scored well above average on the design, navigability and accessibility of their websites (7.0, 7.2, & 8.7 each, respectively), also

engaged in high degrees of stakeholder engagement, and all provided mid-range potentially misleading information. Whilst to be classified as having a 'high' degree of engagement requires two-way communication via multiple channels, and thus it would be expected that these cases would rate higher than others for the criterion of 'interactivity', this criterion alone does not completely explain the higher web scores of these cases. A further exploration of this result is provided in Chapter 11.

Interestingly, Orgs B, D, C and A all scored just below average on the design, navigability and accessibility of their websites, and with the exception of Org D had low degrees of stakeholder engagement, yet Org B and Org C both provided the lowest levels of potentially misleading information of all the cases studied (as noted previously Org A were yet to produce some form of external S&ER other than that on their website). The amount of potentially misleading information disclosed by Org D, who undertook a medium level of stakeholder engagement, was just under the amount disclosed by Orgs F, G, E and J, who undertook high levels of engagement. The interviewee from Org D noted that this was the first year that they had employed Con C, and had undertaken a more formalised engagement process, suggesting that it may be that these organisations may be more responsive to stakeholder needs and thus are providing more qualitative case studies, which Con C noted were amongst the most sought-after sections of the reports from a stakeholder perspective. A further exploration of these relationships with respect to the discharge of S&EAA is provided in Chapter 11.

10.3 Summary

In summary, consistent with the prior research reviewed in Chapter 3 the results of this stage of the research suggest that none of the cases studied utilised the internet to the full extent of its capabilities, with the average web score being just over half the total possible score available. Furthermore, the degree to which the cases used the various functions on their websites was reasonably consistent with their disclosure strategies in other forms of S&ER, and their levels of stakeholder engagement. The organisations with the lowest web scores provided the highest amounts of potentially misleading information and engaged in medium levels of engagement with stakeholders, whilst the organisations with the highest web scores provided medium levels of potentially misleading information and engaged in high levels of stakeholder engagement.

One of the advantages of internet-based S&ER is that it more accessible to a broader range of stakeholders than hard-copy S&ER, and allows stakeholders to proactively seek out information of interest. However, it is concerning to note that the analysis revealed that none of the cases studied provided a translation facility on their websites, despite the majority of the cases studied having international operations in countries where English is not the first language.

This has been the final stage in a multi-part field study providing rich exploratory data. Therefore a discussion combining the key findings from all of the stages is provided in the following chapter, and consistent with the 'contextualising the thick description' stage of data interpretation described in Chapter 6, are explored in further detail before the analytical lens is employed and the research questions are addressed in Chapter 12.

Chapter 11 – Discussion and Analysis of Key Findings

11.1 Introduction

This exploratory field study was conducted in four stages, the results of which have been discussed and analysed in the previous four chapters. The first stage of the research was conducted in order to address RQ1, the second to address RQ2, and the third to address RQ3 and RQ4. The final stage was conducted in order to enrich and triangulate the data, and for control purposes. Each stage of the research built upon the prior stages and the data analysis was a systematic, yet also somewhat iterative process. Given the breadth of the data collected in the previous three stages, and consistent with the data analysis method used, the purpose of this chapter is to provide a consolidated discussion and further exploration of the key findings of study.

Consistent with the structure of the results of the first and third stages of the research, the discussion of key results provided in this chapter is structured according to the steps in the normative S&EAA model provided in Chapter 3. Therefore, the key results regarding the first step of the normative model are discussed in Section 11.2, the second in Section 11.3, and Steps 3 to 5 discussed in Section 11.4. The motivations for S&ER and the need for regulation are discussed in Section 11.5, before a summary is provided in Section 11.6.

11.2 Key Results: Step One of the Normative S&EAA Model

The first research question asked in this study is concerned with the organisational choices in the S&ER process, and whether those choices appear to be indicative of a desire to discharge S&EAA. The steps required to discharge S&EAA were described in the normative model developed in Chapter 3, and the reporting practices of each case studied with respect to these steps were discussed in detail in Chapter 7. These results are summarised in a depiction of the degree to which each case studied undertook the steps required to discharge S&EAA in Table 11.1 below.

As noted in Chapter 3, the first step of the normative model is S&EA, which requires the systematic, ongoing, measurement, management and internal reporting of social and environmental information. This may be facilitated by the implementation and use of an

integrated S&EMS, which requires the establishment of quantified targets and goals, the provision of resources and workplace training, systematic monitoring and auditing of social and environmental performance, and clear plans to rectify deviations from the achievement of goals. Therefore S&EA is very complex in practice, requiring the implementation of a number of different processes and procedures, which were classified in Chapter 7 as falling under one of seven categories, being internal S&ER, the implementation of an EMS, target setting, the provision of resources and training, methodological auditing, and rectifying deviations from the achievement of goals (see Table 7.2).

Case	Step 1 S&EA	Step 2 S&ER	Step 3 Engagement	Step 4 Assurance/Provider	Step 5 Engagement
Org A	3 Aspects	1 Method	Low	None	-
Org B	6 Aspects	5 Methods	Low	None	-
Org C	6 Aspects	4 Methods	Low	None	-
Org D	6 Aspects	2 Methods	Medium	Consultant	Low
Org E	6 Aspects	4 Methods	High	Consultant	Medium
Org F	7 Aspects	2 Methods	High	Accountant	Medium
Org G	7 Aspects	3 Methods	High	Consultant	Low
Org H	6 Aspects	5 Methods	Medium	None	-
Org I	4 Aspects	2 Methods	Medium	None	-
Org J	5 Aspects	4 Methods	High	Consultant/Accountant	High

Table 11.1 – Steps to discharge S&EAA as undertaken by the cases studied

As indicated in Table 11.1, each of the cases had implemented aspects of S&EA to varying degrees, with only Orgs F and G undertaking all aspects of S&EA. However, in both cases internal reporting occurred only on a quarterly basis and was predominantly bottom-up in nature, and in the case of Org F their external reporting was limited to the annual report and web-based reporting. As discussed in Chapter 7 substantial differences were found regarding the level of resources devoted to each of these aspects amongst cases. Furthermore, whilst all cases with exceptions of Org A and Org I had quantified targets for social and environmental performance,

the results of the interviews suggested that in several cases these targets were fairly meaningless, being one of the first things to be sacrificed in times of financial difficulty (as in the case of Org I), subject to manipulation and the whim of top management, and subject to selectivity. Finally, it must be noted that whilst many of the cases utilised an ISO14001 certified EMS, in each case this was stand-alone system, although Org F was working towards integrating its uncertified social and environmental performance management systems. Org I was an exception in that they were the only case to utilise a fully integrated environmental accounting system. However, whilst the system was utilised extensively for external compliance reporting it was not used as effectively as it could for internal reporting.

The resources devoted to internal S&EA and S&ER systems appeared to be influenced by the level of top management support for such activities. However, the level of top management support for, and resources devoted to internal S&EA systems did not necessarily correspond with the support for and resources devoted to external S&ER, which was particularly evident in the case of Org H. Therefore the results suggest that whilst a Board of Directors may provide a great deal of support with respect to internal social and environmental performance management, this support does not necessarily extend to external S&ER. Whilst the first step of the normative model requires the organisation to engage in internal S&EA, the second step requires the organisation to provide an external account of that information to those to whom the organisation is responsible. The key results regarding this step are discussed in the following section.

11.3 Key Results: Step Two of the Normative S&EAA Model

As discussed in Chapter 3 there are a variety of methods an organisation may use to report externally on its social and environmental performance, and the literature suggests multiple communication methods should be used to communicate with a broad range of stakeholders, which was supported by interviewee comments in both the first and third stages of the research. It is interesting to note that whilst Org F was one of the only organisations to utilise all aspects of S&EA, they provided only one form of S&ER in addition to web-based reporting, which was the integrated report. Whilst the internet does arguably reach the broadest range of stakeholders of the communication methods available, there still exists a 'digital divide' both within and between many countries. However, the interviewee from Org D was the only interviewee to acknowledge that this was a consideration in choosing an appropriate S&ER medium.

The results of the content analysis of the social and environmental reports revealed that the majority of potentially misleading information disclosed was in the form of images. As discussed in Chapter 3, there is very little prior research regarding the use of images in S&ER, and much of the literature reviewed was drawn from research examining the use of design and images in annual reports, which was critical of the role of design in reporting. However, these criticisms may not necessarily be applicable with respect to S&ER, with the interviewee from Org G noting that they were less flexible with the designers than those preparing the annual report, and Con C (reporting consultant) emphatic in their insistence that designers work with the material provided.

The annual report literature reviewed in Chapter 3 suggests that designers view S&ER as a marketing exercise, and this did appear to be somewhat the case with Con B. However, this did not appear to be the case with Con A, who appeared to view S&ER from more of a S&EAA perspective, although this may be due to the fact that they had predominantly worked with only one organisation on their S&ER, and Interviewee 1 from Con A did note that organisations with higher media profile and greater social and environmental impact may take more of a marketing focus. This is consistent with the comments made by the interviewees from Org F regarding the value of design with respect to restoring stakeholder relationships through the use of what some may consider to be "spin". The results also suggest that whilst external design consultants would often make initial suggestions regarding the types of images provided in the reports, the organisations would then request changes according the particular image they wanted to portray, and often there was a desire to appear economical, which was attributed to external environmental factors including the GFC and the Australian cultural environment.

The comparison of the content of the earlier and more recent reports revealed that in the majority of cases the provision of potentially misleading information decreased over time, and the results of the interviews with the organisational representatives and the external consultants suggested that this was partly due to improved data collection systems implemented as a result of S&ER, partly due to increasing stakeholder expectations, and partly due to the efforts of S&ER 'champions' within the organisations. Interviewee 1 from Con A suggested that the influence of individuals on the content of the reports extended to the design of the reports, commenting upon the difference a change in lead reporters had made with respect to design. However, the ability of

these individuals to influence the content of the reports appeared to be dependent on the level of top management support for S&ER, which varied amongst the cases studied. This appeared to be the case with Orgs H and I in particular, which both disclosed considerably more potentially misleading information than the other cases studied, and had very similar organisational cultures.

The results suggest that the attitudes of the CEO and the board of directors play a significant role in influencing organisational culture, particularly with respect to S&ER, and the interviewee from Org I noted that the reticence within the organisation to engage in S&ER was a cultural phenomenon directly resulting from the previous CEOs attitude towards S&ER. The interviewees from both Org I and Org A cited fear as a key reason for a reluctance amongst the Board of Directors to engage in S&ER, with the interviewee from Org A attributing this fear to the values of the Directors, which were influenced in part by generational differences and the industry in which the organisation operates.

Results also suggest that specialist S&ER consultants play an important role in educating individuals at all levels of the organisation of the importance of S&ER from an S&EAA perspective, thus encouraging a change in organisational culture. Whilst this may not be surprising given that Con C would ideally spend at least twelve months working with an organisation prior to the production of their S&ER, it is interesting to note that the involvement of an external design consultant in S&ER also appeared to influence the ways in which organisational decision-makers perceived the organisation, with Interviewee 1 from Con A commenting upon the high degree of organisational introspection that can occur amongst the Board of Directors when clients take their questions and recommendations seriously, and Con B noting that this level of introspection can cause some members of the organisation to become quite defensive.

The most commonly cited source of conflict with top management was a reluctance to disclose information that might be considered to be bad news, and this was the case even amongst those organisations in which the Board and executive management were supportive of S&ER. Two exceptions were Orgs G and J, with the interviewees noting that they did disclose information that may reflect unfavourably on the organisation. However, consistent with the comments from the external consultants the interviewees noted that there were benefits to the organisation in doing so. Furthermore, in the case of Org G there appeared to be evidence that such disclosures

were also used as a way of attempting to alter public opinion regarding activities that are viewed unfavourably.

In order to discharge S&EAA consideration must be given to the information needs of the audience, which for S&EAA purposes comprises those to whom the organisation is responsible, and thus have a right to know. The results discussed in Chapter 7 suggest that in the majority of cases some consideration was given to the target audience when selecting the most appropriate reporting medium, and determining the content of the reports. However, the key term here is *target* audience. Whilst all of the cases were able to clearly identify their target audience/s, there was less certainty about who the main users of the reports might be, and where identified those users tended to be financial stakeholders such as investors, clients, and employees. A lack of clarity around the main users of their S&ER may be indicative of a lack of engagement with stakeholders in the reporting process, which is the third step of the normative model and is discussed in the following section.

11.4 Key Results: Steps Three-Five of the Normative S&EAA Model

In order to discharge S&EAA, organisations must first engage in internal S&EA, and then external S&ER to those who have a right to know. This suggests that the information reported should be material to those to whom the organisation is responsible. As discussed in Chapter 3 evidence from the prior literature suggests that organisations may not be best placed to determine for what it is that they are to be held responsible. Therefore, active engagement with stakeholders is required to determine the material aspects of organisational social and environmental performance according to those to whom the organisation is responsible.

Results indicate that the degree of stakeholder engagement undertaken by the cases studied was mixed, and the interviewees from those organisations that utilised only one-way feedback mechanisms all commented upon the lack of success they had experienced with those mechanisms. The normative model emphasised the importance of 'feedback loops' between steps three and two, and it must be noted that all of the 'high' level engagers commented that feedback from stakeholders was incorporated into their reports in some way. It is interesting to note that of the 'medium' level engagers, Org D was the only case to acknowledge that stakeholder feedback was incorporated into the content of their reports, which was a recent

development following their appointment of Con C in assisting them with their external social and environmental report. This is consistent with the focus of Con C on stakeholder engagement and suggestions from the interviewee that a significant aspect of their engagement with first-time reporters was assisting them in determining who their audience was, and what the information needs of the audience are.

If stakeholders consider the information contained in social and environmental reports to be material, then it is important that those stakeholders are able to rely upon the information reported. Therefore Step 4 of the normative model requires assurance of the social and environmental reports. Of the cases studied, half provided assurance for their S&ER and of these Orgs D, E and G used a consultant provider, whilst Org F used an accountant provider and Org J used both an accountant and a consultant provider. As discussed in Chapter 3, evidence in the extant literature suggests that consultants may be better placed to facilitate the discharge of S&EAA due to their greater tendency to use AA1000, which is based upon the principle of stakeholder inclusivity and thus has an emphasis on stakeholder engagement in the assurance process, which is the final step in the normative model. However, in the cases studied those who used an accountant rather than a consultant provider also used AA1000. With respect to who is best placed to provide assurance for S&ER, it was noted by several of the interviewees that whilst accountant providers had a greater attention to detail, the interviewees valued the more holistic perspective that consultant assurors were able to provide. Con C reiterated this, noting that whilst accountants had the knowledge and training required for such assurance practices, they lack the ability to consider those processes in the broader social and environmental context.

The final step of the normative model requires the active engagement of stakeholders in the assurance process to ensure that all relevant stakeholders' needs have been taken into account. As noted above each of the cases that provided assurance did so using the AA1000 assurance standard, which as noted above is based upon the principle of stakeholder inclusivity and thus requires some degree of engagement with stakeholders. As shown in Table 11.1 the level of engagement in the assurance process was rated as being 'high', 'medium' or 'low' according to the degree of emphasis the interviewees placed upon the importance on engagement at this stage of S&ER, with Orgs D and G rated as being 'low', Orgs E and F rated as being 'medium', and

Org J, the interviewee from which emphasised the importance of engagement with respect to AA1000 several times throughout the interview, rated as being 'high'.

In summary, with respect to the steps in the normative model, results indicate that Orgs F and G were the only cases to have implemented all aspects of S&EA and undertook all steps in the normative model. However, several aspects of these steps were less than ideal, with their internal reporting occurring only on a quarterly basis, the external reporting of Org F limited in scope, and only a low to medium emphasis placed upon the importance of engagement with stakeholders in the assurance process. Whilst Orgs E and J had not implemented all aspects of S&EA, having implemented six and five aspects, respectively, they did undertake all other steps of the normative model and provided external S&ER via a variety (four in both cases) of mediums. Org D had also implemented all but one of the aspects of S&EA and undertook all steps in the normative model, however as with Org F their external S&ER was only provided via two mediums, and a low emphasis was placed upon the importance of Step 5.

The remaining cases undertook only Steps 1 to 3 of the normative model, with Orgs B and C having implemented six aspects of S&EA and providing external S&ER via five and four mediums, respectively. However, both placed only a low emphasis on the importance of stakeholder engagement. Orgs H and I both placed a medium level of emphasis on the importance of engagement with stakeholders, and Org H had implemented six aspects of S&EA and provided S&ER via five mediums, whilst Org I had implemented four aspects of S&EA and only provided a small amount of social and environmental information in the annual report in addition to the disclosures on their website. Org A, which was only just embarking on the production of their first stand-alone social and environmental report, had only implemented three aspects of S&EA and placed a low emphasis on stakeholder engagement. However, as discussed in previous chapters it is not sufficient to simply undertake the steps in the normative model. In order to discharge S&EAA organisations should engage in external S&ER due to the recognition of responsibility to a broader group of stakeholders than those with an economic interest in the organisation. The key findings regarding organisational motivations for S&ER are discussed in the following section.

11.5 Motivations for S&ER

It was suggested in Chapter 3 that in order to discharge S&EAA organisations should undertake all steps in the normative model, and should do so due to recognition of a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation. The results suggest that only half of the cases studied undertook all steps in the normative model, none of them implemented all five steps to the fullest extent possible, and few of the cases studied appeared to engage in S&ER due to the recognition of responsibility. The results of stage one of the research suggest that Org F appeared to make the most S&ER choices reflective of S&EAA, followed by Orgs G, J, E, D, C, H, B, I and A, respectively. This is displayed in Table 11.2 which shows the cases in the order in which their choices appeared to reflective of a desire to discharge S&EAA, a comparison of the proportions of potentially misleading and informative disclosures in their early and most recent reports, the score each case received for the design, navigability and accessibility of their S&ER web-pages and the degree of stakeholder engagement undertaken in each case. The degree of stakeholder engagement has been included separately as it may be an indicator of the degree to which stakeholder needs are considered, which is an important aspect of S&EAA.

Case	Potentially Misleading Information		Informative Information		White Space		Web Usability	Stakeholder Engagement
	2011 Report	*Earlier[11] Report*	*2011 Report*	*Earlier Report*	*2011 Report*	*Earlier Report*		
Org F	22.19%	42.04%	22.48%	14.04%	55.33%	43.92%	7.0	High
Org G	19.88%	20.13%	25.16%	10.99%	54.96%	68.88%	7.2	High
Org J	18.68%	34.73%	19.59%	14.64%	61.72%	50.63%	8.7	High
Org E	18.88%	30.77%	22.53%	17.17%	58.60%	52.06%	8.7	High
Org D	18.18%	34.48%	25.06%	22.10%	56.76%	43.42%	4.9	Medium
Org C	15.09%	29.33%	24.89%	18.61%	60.02%	52.06%	5.2	Low
Org H	35.54%	25.73%	23.77%	24.58%	40.70%	49.69%	3.7	Medium
Org B	12.11%	31.58%	23.51%	29.87%	64.38%	38.56%	4.7	Low
Org I	48.42%	43.18%	13.59%	7.66%	38.00%	49.16%	2.7	Medium
Org A	-	-	-	-	-	-	5.7	Low

Table 11.2 Disclosure and stakeholder engagement strategies

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[11] Earlier reports refer to those produced in the year immediately prior to the interviewee becoming the lead reporter

As shown in Table 11.2 some similarities with respect to organisational choices and disclosure strategies can be seen within the cases studied. For example, Orgs F and G made similar choices with respect to the internal measurement and reporting of social and environmental information, undertook all steps in the normative S&ER model, and had websites with similar design, navigability and usability. However, they differed in that the external S&ER of Org F was limited to the website and the integrated annual report whilst Org G also provided a full stand-alone report, in addition to the mediums used by Org F. Furthermore, whilst Org G was motivated to report primarily for business case reasons and Org F took a more stakeholder-oriented approach, Org G provided more informative information and less potentially misleading information than Org F, which may in part be due to the fact that Org G employed a specialist S&ER consultant. Org F disclosed twice as many potentially misleading images than Org G, which may be due to the fact that Org G provided their designers with a very clear brief that their report was to look like a sensible document, whilst in Org F these choices were predominantly the province of their investor relations team, and the interviewees noted that they had learned early on the value of the expertise of designers in playing an advocacy role, which may be perceived by some to be 'spin'.

Similarities can also be seen between Org J and Org E, which also made similar choices with respect to the internal measurement and reporting of social and environmental information, undertook all steps in the normative model, provided external S&ER via a variety of methods compared to Orgs F and G, scored the highest amongst all the cases studied for the design, navigability and accessibility of their websites, and both undertook S&ER for a combination of both business case and accountability reasons. However, they differed in that Org E provided slightly more informative information than Org J, which again may be due to the fact that Org E employed a specialist S&ER consultant. However, these choices may also be the result of the organisational culture, and the results indicate that culture may be a more convincing reason for different disclosure practices than simply organisational choices. For example, Orgs H and I made quite different organisational choices in the S&ER process, from the measurement practices used internally, to the people involved and the mediums used for external S&ER. The only similarities they shared were that neither organisation chose to provide assurance for their reports, and they both undertook medium levels of engagement with stakeholders. However, their disclosure strategies were quite similar in that they provided the highest amounts of

potentially misleading information of all the cases studied, which were predominantly in the form of images, and they both scored the lowest of all the cases studied on the design, navigability and accessibility of their websites. The main similarity between these cases was that both interviewees commented that the culture of the organisation was very closed, and that the Board was very reluctant to disclose information. It also appears that aspects of the external environment may result in a difference in disclosure strategies. For example Orgs D and G disclosed the highest amounts of informative information of all the cases studied, and whilst they shared many S&EA and S&ER practices with both each other and the other cases studied, the only characteristic that was unique to these cases was that they both operate within an environmentally sensitive industry, which is consistent with the literature reviewed in Chapter 3.

As noted above, one of the few organisations that did appear to be engaging in S&ER due to the recognition of responsibility to stakeholders was Org F, in which case the interviewees commented that whilst the organisation initially started reporting from a reputational and issues management perspective, this led them to consider their broader responsibilities, which is indicative of S&EAA. This result was supported by the interviewee from Org H, who noted that "generally the pendulum only sways into the open disclosure, *mea culpa* kind of stuff, when the shit's already hit the fan and so one of the earliest examples of that I think was [Org F] with their famous [name] report. Only did that 'cause they didn't have any choice. And so they, rightly, tried to make virtue out of a necessity. Good luck to them. They did a very good job of making virtue out of necessity (Org H)."

Many of the organisational choices in the S&ER process made by Org F did appear to be indicative of a desire to discharge S&EAA, their target audience however was predominantly stakeholders with an economic interest in the organisation and did not explicitly include customers, despite the organisation's high proximity to end users. The comments from the Org F interviewees suggested that a greater emphasis was given to communicating with shareholders and analysts than the ill defined "broad stakeholder group", and this was exacerbated by the fact that the only method of S&ER other than the website was the annual review. Furthermore, Interviewee 1 from Org F noted that one of the disadvantages of integrated reporting was its limited scope, suggesting that less importance is placed upon the needs of stakeholders without an economic interest in the organisation. This choice does not appear to be reflective a desire to

discharge S&EAA, which requires the consideration of a broader group of stakeholders than simply those with an economic interest in the organisation.

Another case in which many of the organisational choices in the S&ER did appear to be reflective of the desire to discharge S&EAA was Org J, in which most of the aspects of S&EA had been implemented and all of the steps in the normative model were undertaken. Importantly, Org J provided S&ER via several different mediums, and had given a great deal of consideration to the information needs of the different audiences. The interviewee emphasised the importance of balanced reporting, and whilst many of the reasons cited for such were benefits to the organisation, the organisation did appear to have stakeholder-centric approach to reporting. The interviewee also commented upon the limitations of integrated reporting, noting that the report issued by the IIRC focused predominantly on the needs of shareholders, which is consistent with the results found with respect to Org F and their failure to acknowledge customers as a key audience.

Similarly in the case of Org E it also appeared that many of the choices made in the S&ER process appeared to be indicative of a desire to discharge S&EAA, with the organisation again implementing most aspects of S&EA and undertaking all steps of the normative model. As with Org J a consideration was given to the information needs of the target audience and Org E undertook far more dialogic engagement exercises than any other case studied (although this may be reflective of the industry in which Org E operates, which is telecommunications services). However, the interviewee did indicate that whilst there appeared to be a desire within the organisation to be more transparent, there were difficulties associated with disclosing what might be considered to be bad news.

This reluctance to disclose information that may reflect unfavourably on the organisation was a common theme identified, even amongst those cases that did appear to report, in part, due to the recognition of responsibility, which is concerning given that many of the interviewees cited increasing stakeholder expectations with respect to S&ER. The interviewee from Org G was one of the few to indicate that the organisation was willing to disclose both good and bad news. However the interviewee was very clear in stating that their motivations were primarily driven by enlightened self-interest, which is not indicative of a desire to discharge S&EAA. There

appears to be evidence that the provision of information that may reflect unfavourably on the organisation may be used to the organisations' advantage to create the impression of transparency. This selectivity and impression management in S&ER suggests that a voluntary S&ER regime may not be appropriate for the discharge of S&EAA, which is consistent with the calls in the prior literature for the regulation of S&ER.

The interviewees expressed varying views on the regulation of S&ER, and it is interesting to note that whilst the views of the organisations' representatives on the regulation of S&ER varied, all of the consultants interviewed were in favour of regulated S&ER, with the exception of Interviewee 2 from Con A (designer), who acknowledged that the topic was outside their area of expertise. The views of the organisational representatives on mandatory S&ER were more diverse, ranging from strongly in favour (Orgs B and I), to strongly opposed (Org H), and interestingly several of the interviewees expressed conflicting personal and organisational views. Of the ten cases studied the only interviewee to express an organisational view in favour of mandatory S&ER was Org G, which was due to the benefits of that would accrue to organisation by supporting changes to the ASX listing rules and avoiding more stringent regulation.

The comments from the interviewees, particularly with respect to conflicting views on topical issues such as regulation, suggested that the organisational representatives interviewed in the first stage of the research considered themselves to be somewhat removed from their respective organisations. Two notable exceptions were the interviewees from Orgs B and J, and both organisations were unique in certain aspects of their S&ER practices. The interviewee from Org J was one of the few to consistently use inclusive terms such as "we" and "our", which is consistent with the organisation's very inclusive "wiki" approach to S&ER, which the interviewee described as being "very powerful". Org B was unique in that whilst it failed to undertake all of the steps of the normative model, particularly with respect to the provision of assurance, of the cases studied it provided the lowest amount of potentially misleading information and provided very few potentially misleading images. The interviewee was also one of the only to explicitly recognise the role of individuals in the organisational network.

Therefore, the results suggest that organisational motivations for S&ER are mixed, and organisations may be motivated by several different reasons simultaneously. Few of the cases studied appeared to acknowledge a responsibility to a broader group of stakeholders than simply

those with an economic interest in the organisation, and those that did also appeared to be motivated by self-interest. This, combined with a failure to adequately undertake all steps of the normative model, a reluctance to disclose information that may reflect unfavourably on the organisation, and a greater emphasis placed on communicating with financial stakeholders suggests that a voluntary S&ER regime may be inappropriate. However, whilst the consultants interviewed agreed that S&ER should be mandatory, the organisational view for the most part was that it should remain voluntary, and one of the consultants suggested that in order to introduce mandatory S&ER the support of investors was needed.

11.6 Summary

This chapter has provided a discussion and further exploration of the key findings of all four stages of the research. The discussion of key findings focused upon whether, and to what extent, the cases studied were following the steps required in the normative model to discharge S&EAA, and explored some of these findings in greater detail. Half of the cases studied undertook all steps of the normative model, with only two of these implementing all aspects of S&EA. The remaining five cases undertook only steps one to three of the normative model.

The results emphasise the need for an S&ER 'champion' within the organisation. However, the ability of these individuals to influence S&ER practices appears to be limited by the level of top management support for S&ER. The results suggest that, consistent with the prior literature, the Board of Directors and executive management play an important role in shaping organisational culture, and that this in turn influences organisational attitudes to S&ER. The largest source of conflict with top management appears to be a reluctance to provide information that may reflect unfavourably on the organisation, even amongst those cases which appeared to be engaging in S&ER due, in part, to a recognition of responsibility to stakeholders. This, combined with the greater emphasis on financial stakeholders and performance, and the suggestions that S&ER may in fact encourage S&EA through the implementation of improved data collection systems, suggests that in the absence of S&EAA regulation of S&ER may be required. However, whilst the consultants, and many of the organisational representatives interviewed, agreed that S&ER should be regulated, the views of the organisational representatives did not necessarily reflect the views of their respective organisations. The only organisation to take a formal stance that there

should be mandatory requirements for S&ER through the ASX listing rules did so due to the belief that it would forestall more rigorous regulation.

The purpose of the fourth stage of the research, discussed in the previous chapter, was conducted predominantly for triangulation and control purposes and the first three stages were conducted in order to attempt to answer the research questions developed in Chapter 5. This exploratory multi-stage field study yielded a large amount of rich qualitative data regarding organisational choices and practices in the S&ER process. Therefore, a summation, discussion and further synthesis of the key findings from all four stages of the research has been provided in this chapter, and answers to the specific research questions and propositions is provided, and conclusions drawn, in the following chapter.

Chapter 12 - Conclusions

12.1 Introduction

The results and findings of this multi-case exploratory field study, which was conducted over four stages, were discussed in detail in the previous five chapters. These chapters provided a granular, narrative discussion and analysis of the results, whilst this chapter provides an overarching perspective. Several research questions and propositions with respect to the above stages were developed in Chapter 5. Using the findings discussed in detail in the previous five chapters, the purpose of this chapter is to provide answers to each research question, highlight the contributions of this research, discuss the limitations of the research and findings and identify opportunities for future research.

The chapter is structured as follows. The results with respect to Research Question 1 (RQ1) are discussed in Section 12.2, those regarding Research Question 2 (RQ2) and Propositions 1-4 in Section 12.3, and the results addressing Research Questions 3 and 4 are discussed in Section 12.4. A discussion of these results through the lens of the theoretical framework developed in Chapter 4 is provided in Section 12.5, before the contributions of this research are provided in Section 12.6. The limitations and mitigations are discussed in Section 12.7, opportunities for further research discussed in Section 12.8, and a concluding summary is provided in Section 12.9.

12.2 Analysis of Results: RQ1

The first stage of this research involved interviews with eleven representatives from ten reporting organisations. The purpose of this stage of the research was to gain a deeper understanding of internal S&EA and external S&ER practices and the organisational choices involved in such practices, and address RQ1, which asks:

> RQ1: Do certain organisational choices about measurement and reporting of social and environmental information appear to reflect an organisational desire to discharge S&EAA?

The normative model for the discharge of S&EAA was developed in Chapter 3, and the results of the research were analysed through the lens of this model from an organisational perspective in Chapter 7, an external consultant perspective in Chapter 9, and an overarching perspective in Chapter 11. In order to discharge S&EAA, all steps of the normative model should be taken, and should be taken due to the acknowledgement of a responsibility to a broader group of stakeholders than simply those with an economic interest in the organisation. As discussed in Chapter 11, only two organisations implemented all aspects of S&EA and undertook all steps in the normative model. Organisational motivations for S&ER were mixed, and often organisations were motivated by several different motivations simultaneously. The majority of organisational motivations for S&ER fell under what may be classified as 'business case' motivations, which if the sole motivation does not discharge S&EAA. Furthermore, consistent with the extant literature even amongst those few organisations that did appear to acknowledge a responsibility to engage in S&ER, there was a reluctance to disclose what might be considered to be bad news, and several of the interviewees noted the difficulties that they had faced in pushing the S&ER agenda, particularly with respect to balanced reporting. In the majority of cases a greater emphasis was placed upon communicating and engaging with stakeholders with a financial interest in the organisation, rather than those stakeholders impacted by the broader social and environmental impacts of organisational activities.

Given the exploratory nature of this research, the analysis of the results of the first stage of the research suggests that the answer to RQ1 is yes, certain organisational choices do appear to be indicative of a desire to discharge S&EAA to stakeholders. However, S&EA and S&ER is very complex in practice, and whilst aspects of S&EAA were evident in each case studied, none of the cases appeared to be making S&ER choices that fully discharged S&EAA. The biggest obstacles to the discharge of S&EAA appeared to be a lack of integrated S&EMSs, reluctance amongst top management to disclose information that may reflect unfavourably on the organisation, and a lack of support at the Board level, which resulted in fewer resources being devoted to S&ER. The second stage of the research then explored whether these choices resulted a difference in their disclosure strategies, which is discussed in the following section.

12.3 Analysis of Results: RQ2 and Propositions 1-4

As discussed in Chapter 4, organisations have been criticised for using impression management strategies to construct the perception that they are socially and environmentally responsible, without actually altering organisational practices. Therefore the second research question, which was addressed by the second stage of the research, asks:

> RQ2: Do those organisational choices result in a difference in the use of disclosure strategies in their S&ER?

In order to address this question the content of the social and environmental reports published in 2011 of each case, with the exception of Org A, was analysed, and disclosures were classified as being 'informative' or 'potentially misleading' according to their susceptibility to impression management. The results of the first stage of the research indicated that the interviewees had significant influence over organisational choices regarding S&ER, and in many cases had worked very hard to encourage and improve organisational S&ER practices. As a result of this observation the social and environmental reports issued immediately prior to the interviewee in each case becoming the lead reporter were also analysed for comparison purposes. In order to enrich and triangulate the data and act as a form of control in the event that the organisations invested more in their web-based reporting than in other forms of S&ER, the design, navigability, and accessibility of the social and environmental pages of the websites of each case were also analysed in the fourth stage of the research. These results were discussed in detail in Chapters 8 and 10, respectively, and were summarised in Chapter 11.

As discussed in Chapter 5, in order to address RQ2 several propositions with respect to the content of the reports were developed based upon the literature reviewed, and the outcomes of the first stage interviews. These propositions are as follows:

> P1: Incidences of impression management will increase when a professional designer is used.

> P2: Incidences of impression management will decrease where there is external assurance provided.

P3: Incidences of impression management will decrease where there is an S&ER specialist consultant involved in data collection/compilation.

P4: The use of impression management will differ according to whether an accountant or consultant assurance provider is used.

The first proposition was that incidences of impression management would increase when a professional designer was used, which was not supported by the data, with the highest levels of potentially misleading information disclosed by an organisation that did not employ an external designer and the lowest levels by those that did employ external designers.

The second proposition was that incidences of impression management would decrease when external assurance was provided, which was also unsupported by the data, with those organisations failing to provide assurance disclosing amongst the highest and lowest proportions of potentially misleading information. However, this indicates that assurance may provide a moderating role.

The third proposition was that incidences of impression management would decrease where there is an S&ER specialist consultant involved in data collection and compilation. This appears to be somewhat supported by the data, with those organisations employing either an external consultant or someone with a consulting background to perform the role internally disclosing below average levels of potentially misleading information. Furthermore, when comparing the early reports to the later reports of these cases, all but one organisation disclosed substantially more potentially misleading information in the early reports where a consultant was not employed.

The fourth proposition was that the use of impression management would differ according to the type of assurance provider used, and results indicate that those organisations that use an accountant assurance provider and also utilise the AA1000 assurance standard provide less potentially misleading information than those that employ consultants.

Therefore, the answer to RQ2 appears to be that certain organisational choices with respect to the measurement and reporting of social and environmental information do result in a difference in some disclosure strategies. Whilst Propositions 1 and 2 were not supported, P3 was somewhat

supported and it appears that the choice to employ either an internal or external specialist S&ER consultant does result in a decrease of incidences of impression management. With the exception of one organisation it also appears that, consistent with P4, the choice to use an accountant assurance provider together with the AA1000 also results in a decrease in incidences of impression management. However, whilst certain organisational choices do appear to influence disclosure strategies, these choices appear to be influenced by the organisational culture, and culture appears to be influenced in part by the external environment. Organisational culture also appears to influence not only organisational choices, but also organisational disclosure practices, with those organisations in which a closed culture was fostered providing substantially more potentially misleading images in their external S&ER than the other cases studied.

The use of images is a powerful communication tool and as discussed in Chapter 4 organisations have been criticised in the extant literature for using images in S&ER as an impression management strategy. However these choices may not necessarily be made by organisational representatives, and very little of the literature reviewed considered the role of external consultants in such choices. Designers have been criticised in the annual report literature for viewing the annual report as a marketing document. However in the present study the use of external design consultants did not result in an increase of the use of impression management. This unexpected result may be explained by the third stage of the research, which involved interviews with external consultants and explored RQs 3 and 4, the results of which are discussed in the following section.

12.4 Analysis of Results: RQ3 and RQ4

As discussed in Chapter 4, organisations have been criticised in the extant literature for using impression management in their S&ER to legitimise organisational activities and manage stakeholder relationships, without actually altering organisational behaviour. However, many impression management strategies, particularly the use of potentially misleading images, may be influenced by external design consultants. It is also increasingly common for organisations to employ external S&ER consultants in the development and production of their S&ER. However, to date there has been little research regarding the role of external consultants in the S&ER process, and thus little is known about the way in which these consultants may influence such

organisational choices. Therefore, the third stage of the research involved interviews with external consultants in order to address research questions three and four which ask:

RQ3: To what extent are external consultants involved in the S&ER process?

RQ4: How do those consultants influence S&ER practices?

With respect to RQ3, five of the cases studied employed an external design consultant, and two employed an external S&ER consultant. The results of the interviews during both stages one and three of the research indicate that the degree of involvement of external design consultants in the S&ER process varied according to the organisation's budget and organisational representatives' attitudes towards S&ER, and the clarity of the creative brief provided to the designers. As discussed in Chapter 3, there is very little prior research on the use of images in S&ER, and much of the literature reviewed was drawn from research examining the use of design and images in annual reports, which was critical of the role of design in reporting. However, the results of this exploratory study indicate that these criticisms may not necessarily be applicable with respect to S&ER.

The extent of involvement of specialist S&ER consultants in the reporting process also appeared to vary, ranging from a data collection role to a hands-on approach involving organisational education at all levels regarding the importance of balanced S&ER. Therefore, the answer to RQ3 appears to be that the extent to which external consultants are involved in the S&ER process varies between organisations, with the roles of external consultants ranging from data collection, copywriting, and design according to a "tight" brief, to hands-on support including employee education and assisting organisations with determining the style and content of their reports. This variation may be the difference between internal organisational actors 'owning' the S&ER process and appreciating the importance of S&EAA.

Whilst RQ3 was concerned with the extent to which external consultants are involved in the S&ER process, RQ4 was concerned with how those external consultants involved in the S&ER process influence S&ER practices. The results of this exploratory research suggest that while the extent to which external consultants are involved in the S&ER process may vary, even minimal involvement from external consultants may result in those consultants influencing S&ER practices in some way. As discussed in Chapter 9 external S&ER consultants may have an

influence over the style, structure and content of the reports, and may facilitate stakeholder engagement to determine material issues. Whilst in some cases organisations provide external designers with a very clear brief regarding the look and feel and key messages of the report, in other cases external design consultants have a great deal of influence on these aspects of S&ER practices.

Whilst the external design consultants interviewed did not contribute to the content of the reports, they did appear to have some influence over how the content was presented, particularly with respect to which aspects of the content were emphasised with design features such as pull-outs. The external S&ER consultant interviewed also influenced not only the content but also the emphasis placed on the content. However the approach undertaken was more systematic in that emphasis was given to areas identified as being material to stakeholders in the engagement processes. The content of S&ER in all the cases studied was directed in some way by the GRI Framework, and it appears that specialist S&ER consultants play a role in determining which level of application of the GRI the report is going to target.

The style of S&ER favoured by the design consultants appeared to be magazine style reports that the reader could quickly flick through and dip in and out of on one level, yet also delve into more deeply according to their various interests. Whilst "magazine style" S&ER sounds somewhat superficial, this approach may in fact be the most appropriate for the discharge of S&EAA, as it accommodates the information needs of a wide range of users, from stakeholders who may be interested in particular aspects of performance only, to stakeholders such as analysts who require more detailed information. If an organisation is to discharge S&EAA it is important that the account provided is accessible to a wide range of stakeholders, and this accessibility is not limited to physical accessibility. In order for stakeholders to easily access the information they require, it is important that the information is presented in a way that "best suits them (Org E)", is "appealing (Org G)", and does not "intimidate (Con A, Interviewee 2, designer)".

Given the nature of their specialised areas of expertise, it is unsurprising that external design consultants may influence aspects of S&ER such as the style of the reports, and that external S&ER consultants may influence content, and that their degree of influence varies between organisations. However, some unexpected results were found regarding the ways in which external consultants influence S&ER practices. Rather than contributing to the construction of

potentially misleading organisational identities, the results suggest that external professional designers play an important role in simplifying and clarifying complex messages, and making the information provided more readable and appealing to a wide range of audiences, particularly through visual communication. However, whilst design plays an important role in communicating information to a wide range of audiences, the external design consultants interviewed suggested that reporting organisations often did not understand the significance of visual communication.

In summary, it appears that in answer to RQ3, external consultants have varying degrees of influence over the S&ER process, and in answer to RQ4, they influence S&ER practices in many ways. The results of this exploratory research suggest that rather than encourage the provision of potentially misleading images; designers actually facilitate the clarification of complex messages and the communicative power of S&ER. The importance of internal stakeholders "owning" the S&ER process was highlighted, and it appears that external S&ER consultants may play a role in facilitating this ownership. Furthermore, simply having an outside party involved in the S&ER process appears to encourage a more introspective attitude towards S&ER, and requires the organisation to hold a mirror to themselves, revealing a reflection they may find discomforting.

The theoretical framework developed in Chapter 4 suggested that the way in which organisational representatives perceive the organisation influences the ways in which they communicate with external stakeholders. Therefore, a discussion of the results through the lens of the Nexus of Theories is provided in the following section.

12.5 Discussion of Results through the Lens of the Nexus of Theories

The answers to the research questions discussed in the above sections are mixed and inexact, as may be expected with exploratory research of this nature. However, several key themes did emerge throughout the analysis, which were consistent across all the cases studied and may be considered in light of the Nexus of Theories developed in Chapter 4.

The Nexus of Theories endeavours to explain the role of the organisation in the social system, and a powerful individual was placed at the top to indicate the important role such individuals play in constructing organisation identities. The results of the interviews conducted in the first stage of the research suggest that the majority of individuals interviewed had worked very hard to push S&ER within their organisations, particularly with respect to balanced reporting, thus

emphasising the need for a S&ER 'champion' within the organisation, which was reiterated by the external consultants interviewed. The interviewees also emphasised the importance of having top management support for S&ER.

The Nexus of Theories suggests that the ways in which powerful individuals at the top of the organisational hierarchy interact with other members of the organisation plays an important role in constructing organisational identities, thus shaping organisational culture. In turn, the constructed perceptions of organisational identities held by internal organisational actors influence the way in which employees present themselves and the organisation in interactions with external parties to manage stakeholder relationships and legitimise organisational activities. This is consistent with the results of the present study which suggest that whilst certain individuals within the organisation may care passionately about S&ER and discharging S&EAA, they often do not or unable to convince the Board of the importance of S&EAA, thus fostering an organisational culture in which external S&ER is simply used to create the impression of social and environmental responsibility.

Furthermore, even amongst organisations where there appeared to be a culture in which external S&ER was taken more seriously, greater emphasis was still given to financial reporting, and more importance placed upon engagement with stakeholders with a financial interest in the organisation. This is also consistent with the ways in which the organisations portrayed themselves in their S&ER, with the cases studied providing more 'social' and 'economic' images than 'environmental'. Furthermore, whilst each of the cases studied used the GRI Framework to some degree in their external S&ER, there appeared to be evidence suggesting that part of the appeal of the GRI is that it is so commonly used, rather than its practical value. This suggests that, consistent with the literature reviewed in Chapter 2 suggesting that voluntary frameworks may be a way of legitimising poor performance, the GRI is used a legitimising tool rather than to discharge S&EAA.

The majority of cases studied provided more informative information than potentially misleading information. However, even amongst those organisations where the need for balanced reporting was recognised and a great deal of informative information disclosed these were acknowledged as being deliberate impression management strategies. Whilst, as discussed in Chapter 4, the use of impression management and the discharge of S&EAA are not necessarily mutually exclusive,

in practice none of the cases studied appeared to discharge S&EAA, and despite the majority having international operations all had a very Australian-centric focus in their S&ER.

The Nexus of Theories suggests that organisational identities are also constructed by the external environment in which they operate, which may partly explain the Australian-centric focus of organisational self-presentations. Consistent with the Nexus of Theories the results suggest that the way in which organisations interact with stakeholders through S&ER is influenced by the economic environment, with the GFC of 2007 resulting in many organisations using design aspects to attempt to create the impression of being economical in their S&ER, such as the use of black and white printing and the minimal provision of images and white space, despite such efforts being equally if not more expensive, and potentially hindering the communicative power of the message.

The ways in which organisations go about presenting themselves in their S&ER also appears to be influenced by aspects of the physical environment and contextual factors such as proximity to end users, media visibility and the environmental sensitivity of the industry in which the organisation operates, in addition to the external cultural environment, which may also partly explain why many organisations wish to appear economical in their S&ER. Furthermore, in addition to being influenced by the external environment, there was evidence to suggest that organisations also endeavour to construct the environment in which they operate by altering societal perspectives of unfavourable business activities.

Consistent with The Nexus of Theories the social construction of organisational identities appears to be simultaneously constructing and constructed by the perceptions of both internal and external stakeholders, and whilst certain individuals within the organisations worked very hard to change the organisational culture surrounding S&EA and S&ER, they often struggled to change the perceptions of those individuals in the most powerful position to change organisational culture; the Board of Directors:

> "You've got to be careful. It can be a career-limiting thing. You can only challenge people's sensitivities so far and especially when they're big powerful people like managing directors of large listed companies. They don't like having their sensibilities challenged. They get to those positions by being arrogant,

egotistical people [laughs] who are sure they're right and don't like anyone telling them they're not. It's a dangerous game (Org H)."

Whilst this comment is clearly a personal opinion and not representative of the views of the organisation, it is consistent with the difficulties noted by other interviewees with respect to the Board of Directors often being reluctant to disclose information, and being one of the largest barriers to balanced S&ER and the discharge of S&EAA. Furthermore, the language used by many of the interviewees suggested a degree of distance from the organisation, which was particularly evident where interviewees discussed topical issues such as the regulation of S&ER, with many of the organisational representatives expressing both a personal view and an organisational view. This perceived distance from somewhat anthropomorphised socially constructed organisational identities by key internal S&ER actors within those organisations bears resonances with the heralds of Steinbeck's "monster" referred to in Chapter 4, who were "both men and slaves [...] at the same time" (Steinbeck, 1996).

12.6 Contributions of the Research

This study contributes to the literature in several ways, the first being through the provision of rich qualitative data in an area of research interest that has seen an abundance of content analysis studies and increasing calls for in-depth case studies such as this one. This data provides answers to exploratory research questions, the answers to which provide insights on aspects of S&EA and S&ER previously unknown. Furthermore, it is one of the few studies to consider the role of design and designers in S&ER, and, to the author's knowledge, is one of the first to provide interview data regarding the views of external consultants on the S&ER process in an Australian context. The results of the analysis regarding the role of designers in S&ER were particularly surprising, and form a key contribution of this study. Based upon the extant annual report literature it was expected that the use of design consultants would correspond with an increase in the use of potentially misleading impression management strategies. However, it appears that this is not the case with S&ER. Rather, designers may actually facilitate the discharge of S&EAA by aiding clarity of message to a wider range of audiences.

This is one of the few studies to explore the relationship between internal S&EA practices and external S&ER and the resultant use of impression management, and how S&ER practices

change with a change in lead reporters. Whilst many studies have examined modes of impression management in isolation, few have examined their use collectively, and this, together with discussions with both report preparers and external consultants employed to assist in the preparation of S&ER, provides a much-needed holistic perspective of the S&ER process.

Further contributions include the clarification of what is actually meant by the terms S&EA and S&ER, which are not synonymous despite a tendency in the literature to treat them as such. The second is by developing a Nexus of Theories based upon the notion that organisations and organisational identities are simultaneously socially constructed and constructing and both influence and are influenced by the communication strategies used to manage stakeholder relationships and legitimise organisational activities, and the environment in which the organisation operates. Organisations operate in complex social systems and it is argued that a multi-faceted theoretical framework provides greater insights than any single theoretical lens.

12.7 Constraints, Limitations and Mitigations

As with any study of this nature, there are a number of limitations that must be addressed, and where possible, mitigated. The limitations and mitigations with respect to the research methods used were discussed in Chapter 6, one of which being the risk of self-selection bias, which is a greater risk in studies such as this one where convenience sampling is used. Whilst as discussed in Chapter 6 previous research suggests that this form of bias may not be a concern with respect to the quality of S&ER (Gray et al., 1995), this research considered not only the content of S&ER but also internal processes and practices, and self-selection bias suggests that organisations may be less likely to participate in research when the organisational gatekeepers consider organisational processes to be ineffective or not in accordance with societal values (Bédard & Gendron 2004). However, the organisational representatives interviewed in the first stage of the research appeared to be quite open about organisational practices that were less than ideal, suggesting that self-selection bias is less of a concern than other forms of potential bias in this research.

One form of potential bias that is largely unavoidable when conducting interviews is the risk of self-presentation bias, where participants either consciously or subconsciously attempt to portray themselves in the best possible light. The results suggesting that the organisational

representatives interviewed were S&ER 'champions', and the positive contribution of the external consultants found, must be considered with this limitation in mind. However, this risk was mitigated by an awareness of its existence throughout the data analysis, and by actively seeking contradictory statements when coding and sorting the data. Finally, with respect to bias there is a risk of researcher bias in any research project, and it may be argued that individuals are only able to provide truly objective opinions on topics that they have no interest in. Again, this risk was mitigated by awareness of its existence, in addition to the avoidance of leading questions, the careful construction of open-ended questions, and the use of a detailed analytical protocol and narrative analysis.

The use of open-ended questions may also be a limitation in that the interview data collected may not be consistent across all of the cases studied. An attempt to mitigate this limitation was made by asking follow-up questions where gaps in the data were identified. There were also contextual limitations in some circumstances. For example during the interview with the representative from Org C a major storm broke, which may have been a little distracting for both the interviewee and interviewer, and the interviewee from Org J was clearly feeling unwell at the time of the interview and the interview had to be cut short as a result. A final limitation with respect to the use of interview data is that the data are constrained by the extent of the interviewees' knowledge, and their own socially constructed values and perceptions. Whilst little can be done to mitigate against the influence of the interviewees' personal values, each of the interviewees held senior S&ER roles within their respective organisations and as such are considered to have extensive knowledge and expertise on the subject.

With respect to the content analysis stage of the research, in addition to the limitations noted in Chapter 6, the measurement of 'informative information' as being quantitative data with explanatory qualitative disclosures may have resulted in the results being skewed in favour of those organisations whose S&ER was in the form of an integrated report. However, the results suggest that limitation is not of great concern, with provision of informative information disclosed in integrated reports not noticeably different than that in the stand-alone reports, and certainly not higher.

It may be argued that the relatively small number of cases studied is a limitation. However, the ideal number of cases cannot be asserted until the nature and scope of the cases has been

determined, and is often opportunistic in nature (Smith, 2003). Furthermore, Neuman (2007) suggests that novice field researchers should begin with a small number of cases, and if the data are complex Miles and Huberman (1994) argue that a study with more than around 15 cases can become unwieldy. Therefore, ten cases involving four stages of data collection are argued to be sufficient for an exploratory study of this nature.

12.8 Opportunities for Future Research

This research is exploratory in nature and as such gives rise to a number of opportunities for future research. The results indicate that rather than encourage the use of impression management; the use of external design consultants actually facilitates communication by simplifying and clarifying complex messages. Furthermore, whilst the majority of cases provided more informative information than potentially misleading information, and in most cases the use of impression management strategies such as the provision of solely narrative disclosures and potentially misleading images decreased over time, the difference between the average amount of informative and potentially misleading information in the most recent reports was marginal. Therefore, future research should examine the effectiveness of both the use of design in enhancing communication and of multi-modal impression management strategies, from a user perspective.

The results of the interviews suggest that many of the interviewees struggled with convincing the Board of Directors of the importance of the provision of what might be considered to be bad news. Furthermore, at least two of the organisational representatives interviewed noted that there was often a reluctance to disclose forward looking disclosures, which was partly due to a concern about the potential for litigation, and partly due to a prevailing financial reporting culture, with financial reporting being retrospective in nature. The S&ER consultant interviewed also suggested that whilst the provision of case studies was subject to some debate, engagement with stakeholders had revealed that they are amongst the most well read sections of the reports, and it was suggested in Chapter 10 that this may explain the provision of narratives in some of the cases. As discussed in Chapter 6 the coding of content was intentionally kept as simple as possible to mitigate the risk of researcher bias in the analysis. However, future research should include more detailed thematic content analysis to explore these issues, including whether the

information provided reflects favourably or unfavourably on the organisation, whether the information reported is forward looking or retrospective in nature, and whether the narratives disclosed are in the form of case studies.

An interesting observation made during the content analysis stage of the research was that in many instances simple graphs with few data points were properly presented. Improper graph presentation seemed more likely to occur with more complex graphs involving multiple data points, and that improper presentation was often associated with inappropriate use of colour and design. This, combined with the fact that many of the graphs did not include numerical values, suggests that it is ignorance of proper graphical procedures, rather than overt impression management, which results in the presentation of potentially misleading graphs. However, further research involving a detailed analysis of the features of the improperly presented graphs is needed to confirm this. Another interesting result of the content analysis was that several of the 'informative' images provided fell under the category of being 'non-specific'. As discussed previously there is very little prior literature considering the disclosure of images in S&ER, and this study builds on the prior research by using a combination of classification methods (Hrasky, 2012(b) and Breitbarth et al., 2010), with the inclusion of additional categories. However, this result suggests that future research should be even more specific with respect to the classification of images.

The results suggest that, consistent with the Nexus of Theories, organisational self-presentations are influenced in part by their external environment, and organisations appeared to place greater emphasis on communicating with stakeholders with a financial interest in the organisation. Therefore, future research should explore this further to determine whether disclosure strategies are influenced by particular aspects of the external environmental including favourable and unfavourable media attention, and the distribution of share ownership.

Finally, the cases studied all had varying levels of experience with S&ER, with some relatively new to the process. Of particular interest is Org A, which was just embarking on the provision of its first S&ER after lengthy battle with executive management on the part of the interviewee, who expressed very strong personal views on the importance of balanced reporting and reporting for S&EAA purposes. Therefore an opportunity exists to explore the progress of these cases over time, and it would be particularly interesting to conduct a longitudinal study involving a follow-

up interview with the interviewee from Org A in five years time to explore the extent to which they were able to implement their personal ideals in practice, and the challenges they faced in endeavouring to do so.

12.9 Conclusion

This thesis has explored whether Australian organisations appear to be engaging in S&ER for the purposes of discharging accountability to stakeholders, whether certain organisational choices in the S&ER process result in a difference in their use of multi-modal impression management strategies, and the role of external design and reporting consultants in those organisational choices. The research questions explored whether certain organisational choices regarding S&ER practices appear to be indicative of a desire S&EAA, whether those choices resulted in a difference in their S&ER disclosure practices, and the extent to which external consultants were involved in, and influence such decisions.

The answers to the research questions suggest that whilst some organisational choices regarding the S&ER process do appear to be indicative of a desire to discharge S&EAA, none of the cases studied appeared to discharge S&EAA in practice, with there being a lack of integrated S&EMSs, a lack of top management support and resources for S&ER, a lack of stakeholder engagement in many cases and a reluctance to disclose what might be considered to be bad news, particularly at the Board level. Results also suggest that certain organisational choices do appear to result in a difference in the disclosure strategies used by those organisations, and that these strategies do appear to be influenced by external S&ER and design consultants. Contrary to expectations rather than encourage the use impression management through the provision of misleading images, external design consultants appeared to facilitate communication through the clarification of complex messages and aiding readability.

The results of this exploratory research suggest that the construction of organisational identities though S&ER is a complex process ideally involving the influence of passionate and dedicated individuals within the organisation, who either have or are able to elicit the support of the Board of Directors, thus fostering a culture of social and environmental responsibility within the organisation. A balanced account of organisational social and environmental performance including quantitative data and explanatory qualitative disclosures would then be provided to

those stakeholders who have a right to know, and that information would be material and provided in a form that best suits them as a result of extensive stakeholder engagement. Specialist design and S&ER consultants would be employed to facilitate clarity of message, provide an external voice, and educate and encourage ownership amongst internal actors with respect to S&ER and its importance. The information provided would be assured of its reliability by both accountant and consultant providers using AA1000 and assurors would engage with stakeholders to ensure that their information needs are being met.

In practice, whilst many of the cases studied exhibited aspects of the characteristics required to discharge S&EAA, none appeared to discharge S&EAA in entirety. The ability of S&ER 'champions' to influence S&ER varied according to the degree of top management support received, which was reflected in organisational disclosure practices. Whilst impression management was frequently used in S&ER, such decisions were generally the province of organisational representatives, rather than external designers. A greater emphasis appeared to be placed upon financial performance and engaging with stakeholders with a financial interest in the organisation, and S&ER and engagement exercises were extremely Australian-centric, despite the majority of the cases studied operating internationally. Half of the cases studied provided assurance for their external S&ER, however assurance did not appear to add as much value as it could, and the value it did provide appeared for the most part to be to the organisation itself, rather than to stakeholders.

The normative S&EAA model provided in Chapter 3 requires all of the steps in the model to be undertaken, and that they be taken consecutively. However, in practice it appears that whilst S&EA does not necessarily precede S&ER, the provision of a social and environmental report may be a catalyst for improved S&EA, which is consistent with suggestions in the literature that the process of S&ER may potentially enable S&EA (e.g. Bebbington, 1997). The results suggest that undertaking external S&ER encourages the implementation of improved S&EA systems and S&ER, and consistent with the prior literature there was also evidence to suggest that once organisations make a commitment to S&ER, there is an increasing expectation from stakeholders that such reporting will continue, and will improve over time.

Therefore, it appears that whilst organisations are motivated to engage in S&ER by several different reasons, often simultaneously, and do not necessarily undertake S&EA before S&ER,

the process of S&ER may in fact enable S&EA, and with the appropriate education throughout the organisation may instigate a change in organisational culture with respect to the importance of S&EAA. The evidence suggests that the construction of organisational identities is influenced by powerful individuals, who in turn influence the construction of organisational culture, which influences the way in which organisations interact with external stakeholders and attempt to legitimise their operations on a societal level. These organisational self-presentations also appear to influence the ways in which both internal and external stakeholders perceive the organisation, and these perceptions often appear to be somewhat anthropomorphised, even amongst key organisational actors.

S&ER was found to be influenced by the physical and cultural environments in which the organisations operate. However the legislative environment in Australia is one of predominantly voluntary S&ER, which leaves the steps required to discharge S&EAA susceptible to the multitude of influencing factors highlighted above, and at the whim of top management. This, combined with the findings that S&ER may in fact encourage S&EA suggests that regulation may be needed to require organisations to engage in S&ER. However, as discussed in Chapter 2 previous attempts to regulate S&ER in Australia have been shown to be influenced considerably by submissions from large ASX listed organisations, and the reluctance of the cases studied to support the regulation of S&ER, and the focus of the majority on financial performance and engaging with financial stakeholders suggests that regulation may only be possible if investors support it.

Finally, organisations operate in complex social systems, and this in-depth exploratory field study involving ten cases reveals that their internal S&EA and external S&ER practices are equally complex. Organisations engage in S&ER for a multitude of reasons, one of which may be the desire to discharge S&EAA. However, efforts to discharge S&EAA are hampered by a lack of integrated S&EMSs and stakeholder engagement, and a lack of support at the top management level. This lack of support influences not only the resources devoted to S&EA and S&ER, but also organisational culture, and the willingness to disclose information that may reflect unfavourably on the organisation.

Organisations do appear to be, at a minimum, considering the information needs of stakeholders in their S&ER, particularly those undertaking a high level of stakeholder engagement. Those
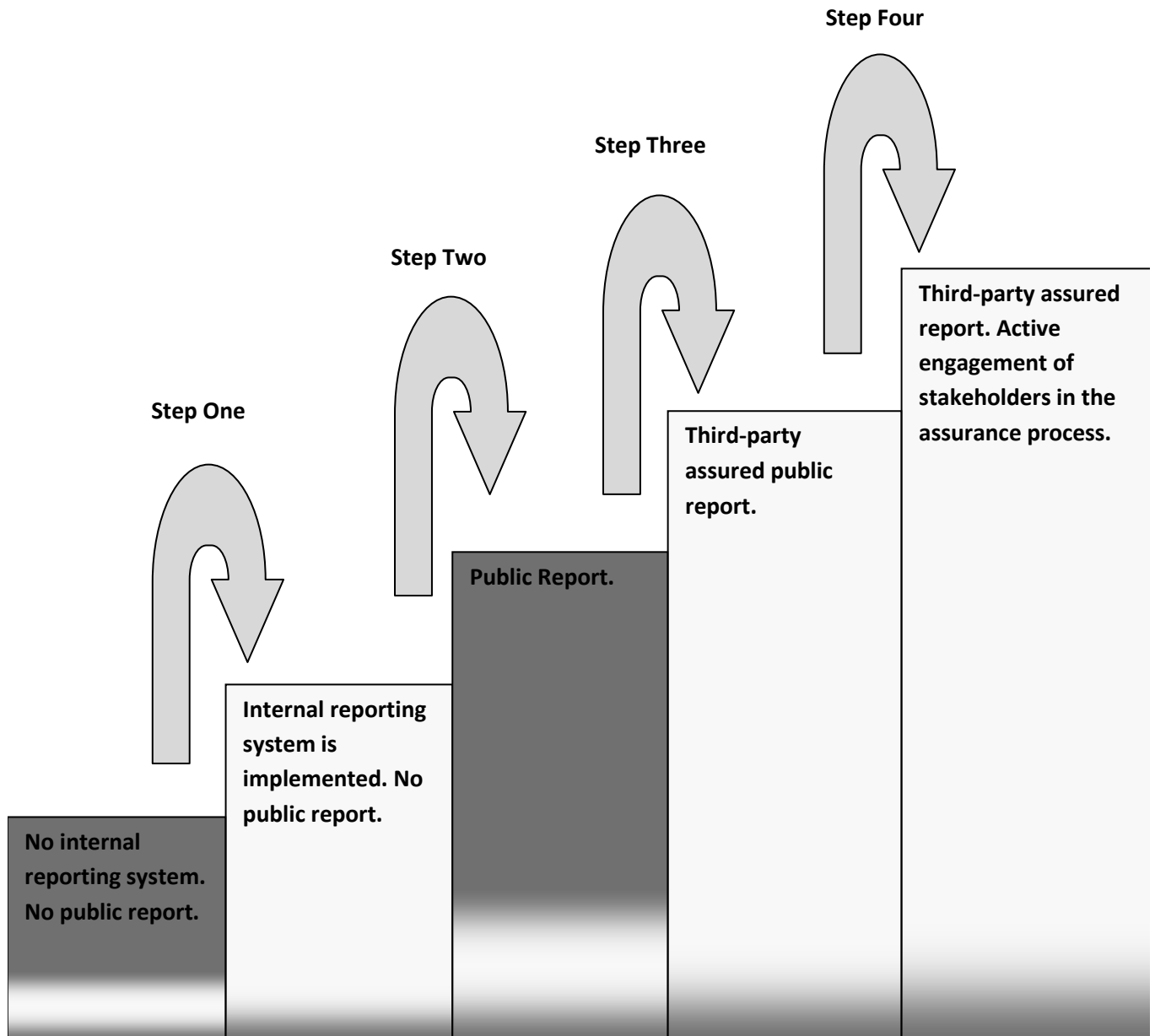
organisations not actively engaging in dialogue with stakeholders appeared to crave stakeholder feedback. The fact that organisations do appear to respond to stakeholder needs and that passive feedback methods are largely unsuccessful perhaps suggests that in addition to organisations needing to be more proactive in engaging with stakeholders, stakeholders need to reciprocate and be more proactive in engaging with organisations.

The complex nature of organisational identities revealed in the analysis has implications for the way in which organisations practice and are perceived in both the academic literature and in broader society. The socially constructed, anthropomorphised view of the corporation fails to acknowledge the true nature of the organisation as a network of individuals. S&EAA requires an acknowledgment of responsibility, which when assigned to the corporation generally, fails in that it is not linked to an individual. In order to discharge S&EAA individuals, including external stakeholders, within the organisational network that comprise the corporation must acknowledge a shared responsibility for organisational behaviour. However this kind of fundamental shift in societal thinking is only likely to occur via evolution, rather than revolution. Present organisational activities, reinforced by the socially constructed capitalist view maintained by the 'developed world' are inherently unsustainable, and urgent action is needed to maintain the Earth's precious resources. In the absence of shared organisational S&EAA, regulation or changes to the ASX listing rules with respect to the disclosure of social and environmental information may be required to encourage organisational change. Whilst not necessarily facilitating S&EAA, which requires an acknowledgment of responsibility, this may at least serve to curtail unsustainable corporate activities, and more importantly ensure that the information needs of those who are impacted by organisational activities are met.

However, our prevailing socially constructed reality, in which financial performance is given predominance over all other aspects of organisational performance suggests that in order to implement mandatory S&ER for the purposes of improving organisational accounting and management of social and environmental performance, a convincing argument must be made to the powerful stakeholders and providers of financial resources regarding the value and benefits of the provision of such information, and must be made as matter of urgency, before the consequences of our collective socially and environmentally irresponsible behaviour become irrevocable.

Appendices:

Appendix A – The Original S&ER Model Provided by Park & Brorson (2005)

Step Four

Step Three

Step Two

Step One

Third-party assured report. Active engagement of stakeholders in the assurance process.

Third-party assured public report.

Public Report.

Internal reporting system is implemented. No public report.

No internal reporting system. No public report.

Appendix B – Interview Protocol for the Stage One Interviews

Preamble

Thank you for taking the time to speak with me. The purpose of this interview is to gather information regarding the choices made, and processes and practices used, in the social and environmental reporting process. I would like to remind you that your anonymity is assured, you are not obliged to answer question should you choose not to, and you are free to terminate the interview at any time. Could you also please confirm that I have your permission to record the interview? Do you have any questions or concerns you would like to raise before we begin?

1. How long have you been with this particular organisation?
    a. *Probe to find out why they chose that particular organisation*
2. What is your role within the organisation?
3. Could you please describe to me your role in the social and environmental reporting process?
4. What are your views on why an increasing number of organisations are reporting externally on their social and environmental performance, and why your organisation decided to begin reporting?
    a. *Probe to find out what they are trying to achieve by reporting*
5. Who is the intended audience of your social and environmental reporting?
    a. *Probe to find out why*
    b. *If they say stakeholders probe to find out who they mean by 'stakeholders'*
    c. *Probe to find out if interviewee also believes these are the main users of the information*
        i. *If not, probe to find out who the interviewee believes the main users are.*
    d. *Probe to see if a consideration of the intended audience influences the type of information disclosed*
6. What processes and practices has your organisation put in place to manage your social and environmental impacts?
    a. *Probe to see if those processes involve internal reporting*
    b. *Probe to see if those processes involve workplace training*
    c. *Probe to see what resources are devoted to those processes and practices-are they sufficient?*
    d. *Probe to see what policies they have in place regarding social and environmental performance management*
        i. *If formal, can they provide me with a copy of their policy?*
        ii. *Probe to see what mechanisms they have in place to ensure full adoption of their policies*
    e. *Probe to see if there is a committee or department charged with monitoring social and environmental impacts*
        i. *If they specifically state that they use an EMS, probe to see if the EMS is certified ISO 14001 compliant*
        ii. *Probe to see who is involved with the implementation and ongoing management of the EMS*
        iii. *Probe to see if EMS is integrated with financial management systems*

7. What procedures do you have in place to ensure your goals regarding social and environmental performance management are being met?
    a. *Probe to find out if those goals are quantified*
    b. *Probe to find out how deviations from goal achievement are rectified*
    c. *Probe to find out who in organisation is responsible (or accountable for) meeting of those goals*
    d. *Probe to find out if internal assessment/assurance is undertaken*
8. What impediments does your organisation face in trying to achieve your organisation's objectives regarding social and environmental performance and reporting? (In other words, who or what is standing in your way)?
    a. *Probe to find out why they are impediments*
9. How much pressure does your organisation feel from stakeholders, such as consumers, employees NGOs or government, to report on your social and environmental performance?
    a. *Probe to find out what form that pressure takes*
    b. *If no level of pressure, probe to find out why not*
    c. *Probe to find out if any aspects of performance in particular*
    d. *Probe to see if pressure is from any particular stakeholder group*
    e. *Probe to see if they also feel pressure from media groups*
10. What systems does your organisation have in place to obtain stakeholder feedback on its social and environmental reporting, and engage with stakeholders in the reporting process?
    a. *Probe to see how effective they are (do stakeholders use them?)*
    b. *If none, probe to find out why not*
        i. *Probe to find out if they have plans to implement in future*
11. What forms of communication does your organisation use to report on your social and environmental performance?
    a. *Probe to find out which methods are preferable and why*
    b. *Probe to find out if these methods have always been used*
    c. *Probe to find out why methods are used*
12. Who, both within and outside your organisation, is involved in the reporting process, and what are their various roles?
    a. *Probe to find out how many people*
    b. *Probe to find out who is responsible for writing, formatting, design etc.*
    c. *Probe to find out if there is any conflict between the various departments*
    d. *If external parties are used, probe to find out nature of brief given*
    e. *Probe to see what kinds of external parties are involved (eg. Environmental consultants, design firms.*
    f. *Probe to see who is responsible for signing off on the reports*
        i. *Probe to see if it is common for them to request editorial changes before signing off on the reports.*
        ii. *If so, what sort of changes?*
13. Could you please give me an overview of the processes and steps involved in preparing the reports?
    a. *Probe to find out whether process is structured or more ad-hoc*
14. How frequently does your organisation report upon its social and environmental performance?

       a. *Probe to find out why*

15. Which, if any of the available frameworks or guidelines does your organisation use in gathering social and environmental information internally, and in the preparation of your social and environmental reporting?
    a. *Probe to find out the extent the organisation complies with the framework/guideline*
    b. *Probe to find out why particular ones are used*
    c. *If none are used, probe to find out why*
    d. *Probe to find out if they find these frameworks valuable and why, and if any improvements to the frameworks could be made*

16. What do you feel is your organisation's attitude towards reporting what might be considered to be bad news?
    a. *Probe to find out why*

17. What are your views on obtaining third party assurance for social and environmental reports? Do you feel that the provision of assurance adds value?
    a. *Probe to find out if this is something the organisation is doing/considering/has done in the past*
    b. *If not, probe to find out why they are not having it done*
    c. *If reports are assured, probe to find out why they chose to do so.*

18. Do you feel that accountants, or consultants, provide the best level of assurance for social and environmental reporting, and why?
    a. *Probe to find out which their organisation uses (if reporting is assured)*
    b. *Probe to find out the extent of the involvement of the assurance provider in the reporting process (if reporting is assured)*

19. What are your views on making the provision of information regarding an organisations social and environmental performance mandatory?
    a. *Probe to find out why*

20. What are your views on making compliance with one of the available reporting frameworks mandatory?
    a. *Probe to find out why*

21. What are your views on making the provision of assurance for social and environmental reporting mandatory?
    a. *Probe to find out why*

22. Is there anything you would like to add that you haven't been asked about, or are there any further comments you would like to make?

Appendix C – Guidelines for Graphical Displays Provided by Hill & Milner (2003)

Checklist 1. Line and bar graphs – uncommon design issues

Good practice:	*Watch out for and avoid:*
☐ Show the zero origin ☐ Ensure X-axis scaling is uniform ☐ Show time or most important variable on X-axis, graphed from left to right ☐ Use standard grid lines if precise value and visual comparison is important ☐ Clear title and label for axes, and tick marks (centering label) ☐ Consistent scaling and graphing across panel of graphs ☐ Order a nominal scale so that a simplest pattern is produced-ascending/descending ☐ Place the most irregular stratum at the top of stacked graph ☐ For time series-check inflation adjustments	☐ Normally do not excise or truncate the Y-axis ☐ Choose clear 3- D presentation sparingly and with care ☐ Avoid undesirable optical and perceptual distortion e.g. Arrow drawing the eye up ☐ Avoid double counting and superimposed graphs included under one type ☐ Avoid log scale ☐ Do not use mixed line/bar display to show interactions-only if two dependent measures are highly related and have to be compared ☐ Do not compress differences/leaving extreme scales, adjust the scale to convey information ☐ Avoid stacked presentation if the data substrata shows irregular trends

Checklist 2. Line and bar graphs – specific design issues

Bar Chart	*Line Graph*
☐ Occluded bars should not look like stacked bar ☐ In stacked bar put the segment that changes the least at the bottom ☐ T-shaped chart – both sides of the X-axis must be of the same scale	☐ If lines connect discrete points, the points should be at least twice as thick as the line ☐ Use distinguishable symbols for points, to be connected as different lines ☐ Position labels at the end of lines ☐ Do not fill in the area between two lines to emphasize relative trends

Checklist 3. Pie chart design issues

Good practice:	Watch out for and avoid:
☐ Include label in wedge if clear	☐ Do not use elliptical pie
☐ Can highlight a specific wedge by extracted display	☐ Do not explode the whole pie
☐ Arrange wedges in a simple progression. In western culture readers expect quantities to increase clockwise around a circle	☐ If proportions vary greatly do not use multiple pies for comparing corresponding parts
☐ If precise visual comparison is important, use bar charts instead	☐ Do not add shadows

Checklist 4. Colour use and design issues

Good practice:	Watch out for and avoid:
☐ Make the most important element the most salient (principle of salience to highlight a feature of the display)	☐ Avoid shades of colour due to their distortive effects
☐ Use bold colours for highlighting rather than shading	☐ Generally avoid deep heavily saturated blue-cobalt blue (mixture of blue and red)
☐ Use colours that are well separated in the spectrum	☐ Avoid using red and blue immediately adjacent to each other
☐ Use warm colours to define a foreground. (warm colours such as red or orange will appear to be in front of a cooler one such as green, violet or black)	☐ Avoid blue and green for defining a boundary (8% of male population is colour blind)
	☐ Beware some colours may have political connotations

Checklist 5. Further design issues

Good practice:	Watch out for and avoid:
☐ Reduce the complexity of the task of deciphering patterns of graphed results. (The user's information processing capacity is limited)	☐ Do not use (colour) hue for representation of quantitative information
☐ Position most important information to the left of the display	☐ Background elements should not be salient
☐ Inner grid lines should pass behind the bars in the charts	☐ Hatch lines can cause irritant visual effects, e.g. visual perception (perspective); exaggeration of area where data are in proportion to the radius of circles for instance
☐ Position key at top right corner	☐ Blue colour does not photocopy well when photocopied in black and white.

Appendix D – Methodology Used to Test Navigability, Design and Accessibility of the Corporate Websites, Provided by Rodriguez Bolivar (2009)

Criteria	Points
1. The website has a specific section/s that includes environmental information.	1.0
2. A site map showing the contents is available.	1.0
3. The environmental information is presented on the website under the name of*	
Sustainability Report	1.0
Environmental Report	1.0
4. The nonfinancial environmental disclosure on the website offers a link with the financial statements to access the financial incidence of environmental concerns in the firm.	1.0
5. A system of hyperlinks for the information offered is provided.	1.0
6. Electronic formats used to process the social and environmental disclosures:	
Online formats:	
XML of XBRL	0.3
HTML	0.2
Offline formats:	
XLS	0.3
PDF or DOC	0.2
7. Information content is available in different languages	1.0
8. The possibility of contacting the staff responsible for environmental reporting via e-mail address is provided to request information or explanations.	1.0
Total	8.00

*For this section, only 1 point can be awarded

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