A FRAMEWORK FOR ASSESSING ORGANISATIONAL VALUES REFLECTED IN CORPORATE SUSTAINABILITY REPORTING

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Abstract
Motivated by the increase in sustainability reporting by corporations in recent times, this paper examines the extent to which these reports reflect underlying values and commitments of reporting organisations. We develop a set of assessment criteria based on the value levels contained in the European Corporate Sustainability Framework (ECSF) and apply these assessment criteria to analyse the sustainability reports prepared by two organisations in Australia; Anglo Coal Australia and VicSuper. The assessment criteria developed in this paper could be useful in providing a greater insight into the usefulness and meaningfulness of sustainability reports prepared by organisations.

Key Words:
European Corporate Sustainability Framework; sustainability reporting; values; value levels; accountability.

1. Introduction

Sustainability reporting is increasing dramatically throughout the world. For example, according to KPMG's global survey on corporate social responsibility, sustainability reporting had increased from 14% of the top 250 companies in the world in 2002 to 63% in 2005 (KPMG 2005). More recently, the 2007 KPMG survey shows that reports published by the top 500 companies in Australia have doubled, from 70 to 140, in the period 2000-2006 (KPMG 2007). Business organisations are investing larger amounts of resources in management practices that generate financial returns for the company and produce beneficial environmental results (Rondinelli & Berry, 1999, p.28).[1] Regardless of the ongoing debate on the merits of sustainability reporting, many organisations around the world are increasingly engaging in sustainability reporting. In this paper, we develop a set of assessment criteria based on the European Corporate Sustainability Framework (ECSF) (van Marrewijk and Were 2004) to examine the level of commitment of two organisations in Australia towards sustainability issues.

While the issue of "sustainability has become a mantra for the 21st century" (Dyllick and Hockerts, 2002, p.130), it creates both a myriad of problems as well as providing opportunities for organisations. On one hand organisations may not want to expose their activities to potential litigation or public backlash, on the other hand, by addressing sustainability issues organisations can minimise their business risk and potentially find ways to be more competitive (Weaver, Trevino & Cochran, 1999; Dentchev, 2004). Some organisations report on sustainability issues merely because they are in industries which have an obvious impact on the natural environment such as the mining and resources industry. For example, five of the top ten companies in the Business Review Weekly East Coles Most Admired Companies survey of corporate social responsibility were mining companies (Tandulkar, 2006). It has also been suggested that employees are the primary target audience for sustainability reports and that companies that produce sustainability reports can potentially attract and retain high quality staff (Australian Government - Department of Environment and Heritage, 2005).[2]

Business organisations are engaging with sustainability in a number of ways, including appointing corporate sustainability officers, publishing sustainability reports and incorporating sustainability into their corporate communication strategies (Dyllick & Hockerts, 2002, p.131). To assist such organisations, several international bodies have developed guidelines for reporting on sustainability issues. Some of these bodies include the Global Reporting Initiative (GRI), the World Business Council for Sustainable Development (WBCSD), the United Nations Environment Program (UNEP), and the European Commission. Increasingly the GRI guidelines are considered the benchmark for sustainability reporting and are widely used by organisations worldwide.

Sustainability reporting guidelines such as the GRI have served as useful reference points for organisations that intend to report on their sustainability activities and impact. The decision on what gets reported by any organisation may be influenced by what the organisation aims to achieve and whether their response will satisfy the internal and/or external stakeholders to whom they are accountable. For example, van Marrewijk & Werre (2003, p.107) argue that an organisation's response to the sustainability challenge may be dependent upon "its own specific ambition and approach regarding corporate sustainability, matching the organization's aims and intentions and aligned with the organization's strategy, as an appropriate response to the circumstances in which it operates".

All the current models of sustainability reporting expect business organisations to provide the appropriate reports. However, in an unregulated environment of sustainability reporting, it is possible that an organisation will choose what to report and paint the best gloss while conveying the meaning of the reported data (Baker, 2006). Furthermore, in an unregulated environment, it becomes difficult for preparers to judge whether a sustainability report is reasonable in reflecting the organisation's sustainability impact. It is also difficult for an organisation and its stakeholders to assess its level of commitment to sustainability reporting. Prior research into sustainability reporting practises has been unable to reach a general consensus in providing a defined manner in which an organisation's commitment towards sustainability can be gauged. Consequently, this paper promotes and attempts to analyse sustainability reports of organisations using a framework.

First we develop a set of assessment criteria based on the value levels contained in the ECSF. Secondly, we use these assessment criteria to analyse the sustainability reports prepared by two organisations in Australia (Anglo Coal Australia and VicSuper) using the GRI.[3] The ultimate benefit of using a framework to assess an organisation's values in this context is to provide a greater insight into the usefulness and meaningfulness of sustainability reports. The ECSF framework is suitable as it was initially developed with the intention of aiding organisations in implementing and reporting corporate responsibility issues (Hardjono & de Klein, 2004).

We develop a content analysis of the sustainability reports of Anglo Coal Australia and VicSuper to understand their level of commitment to sustainability and the "value level" these organisations exhibit. We argue that our analysis of the sustainability reports of these organisations will enable stakeholders to assess their social and environmental impacts in a better way. This study also contributes to the literature by extending the use of the ECSF framework, in particular, by developing a set of indicators that organisations may use in assessing the level of their commitment towards sustainability, thereby gauging their value level towards reporting.

The business organisations in our case study have attempted to incorporate sustainability issues into their business practices. Our analysis, however, shows that information presented in sustainability reports must be interpreted with caution, as although certain value system may be widely

emphasised, it may not account for any significant portion of an organisation's sustainability actions and initiatives.[4]

The remainder of the paper is organized as follows. The next two sections provide an overview of sustainability reporting standards and the ECSF value levels. The fourth section outlines the method used in this study and the fifth section presents the two case studies. Finally, the paper offers implications and conclusions on how organisations can achieve higher value levels in sustainability reporting.

2. Overview of Sustainability Reporting Standards

There is no single approach to measure and report sustainable development, though all approaches share a common theme in recognizing the well-being of the current and future generations (Atkinson, 2000, p.236). The World Bank Group (2003) "Race to the Top" survey on senior executives from 107 multinational organisations revealed that respondents regarded the ISO 14000 standard on Environmental Management (47%), the GRI guidelines (38%), the World Business Council for Sustainable Development (37%), ILO Core Conventions (37%) and the Global Compact (32%) to be influential on their business operations. This indicates that organisations choose sustainability guidelines and initiatives that are suitable to their individual needs.

The various sustainability reporting guidelines differ to the extent in which they address the sustainability of communities, environment and individual businesses (Adams & Narayanan, 2007). While various guidelines focus on the needs of business and the inherent benefits of reporting, following them may result in reports which do not demonstrate accountability for material social and environmental impacts to key stakeholders. This would undermine trust between the organisation and its stakeholders which eventually may be detrimental to reporting organisations. Additionally, in guidelines which prescribe report content rather than processes of reporting, there is no guarantee that reports will be complete.

In addition to the reporting guidelines, business organisations will consider their business and stakeholder needs, and turn to other sources to guide them in developing their sustainability reporting. These will include the criteria for sustainability reporting awards schemes, corporate social responsibility indices, the reports of competitors and "best practice" reporters, and industry association guidelines developed for their particular industry (Adams & Narayanan, 2007). Despite evidence that corporate social responsibility pays–off in bottom line benefits (Margolis & Walsh, 2003; Orlitzky, Schmidt & Rynes, 2003), without mandatory reporting guidelines focusing on processes of reporting and governance structures, organisations will continue to produce reports ignoring impacts which are material to key stakeholders (Adams, 2004).

3. European Corporate Sustainability Framework (ECSF) Value Levels

The ESCF has been developed by an international consortium, led by the Erasmus University and funded by the European Commission (van Marrewijk & Werre, 2003). The ECSF is:

> "a set of models and theories brought together in order to address such complex issues as implementing social and societal responsive behaviour in the strive for sustainability; sustainability both in terms of striving for continuity for the organization and the continuity of the (social, ecological and economical) system which it is part of" (Hardjono & de Klein, 2004, p.101).

Hardjono & de Klein (2004) further point out that the ultimate aim of the ECSF is to support organisations in their implementation of corporate sustainability and corporate responsibility which consists of a management model and a set of related instruments. We acknowledge that the ECSF and the value level framework were intended to aid organisations in the implementation of

corporate sustainability issues into their business. However, we see the potential application of the value level framework in assessing ex-post the commitment of organisations towards sustainability issues and reporting.

This model is based on certain considerations and an organisation-level approach towards sustainability where organisations have to make a choice from four different value levels of "order", "success", "community" and "synergy" each encompassing their own basic drive of "compliance", "profit", "care" and "innovation" (Hardjono & de Klein, 2004, p.101). A value system is defined as "a way of conceptualising a reality and encompasses a consistent set of values, beliefs and corresponding behaviour, and can be found in individual persons, as well as in companies and societies" (Beck & Cowan, 1996; van Marrewijk & Werre, 2003, p.108). The four value levels that organisations can exhibit/pursue also reflect their chosen (perhaps intrinsic) stance and approach towards sustainability. Details of the four value levels are as follows:

- Order: this is a compliance driven approach and the main concern of the organisation is to satisfy the relevant authorities. The organisation views sustainability as an imposed obligation or duty.
- Success: this is a profit driven approach, where sustainability activities that have a desirable financial outcome are pursued. Sustainability activities are seen as reputation enhancing and risk-reducing. This can be viewed as the theoretical parallel of the business case for sustainability, or perhaps a pragmatic approach to sustainability.
- Community: a care-driven approach towards economic, social and ecological aspects of the community and environment. The organisation understands the need to build and maintain lasting relationships with employees as well as external stakeholders.
- Synergy: an innovation driven approach, where organisations proactively look for ways to improve the organisation's performance and also take care of the natural environment in which it exists. Examples would include car manufacturers developing hybrid cars and organisations that conduct research into alternative sources of energy (Hardjono & de Klein, 2004).

As a general rule organisations must attain lower value levels of order and success before they can attain the higher levels of community and synergy. It is expected that there would be several factors that would influence an organisation to select its appropriate value level. The depth of sustainability reporting depends on numerous factors, including corporate commitment, the degree of public perception of sector-wide environmental issues, exposure to legal liability and government regulation (Nitkin & Brooks, 1998, p.1499).

It is expected that organisations that have an apparent impact on the environment are more likely to take sustainability reporting seriously than organisations that have an indirect impact. Thus the visibility of an organisation's impact on society or the natural environment would be a factor that would determine the value level chosen by an organisation. However, it is also possible that a "visible organisation" would choose to negate pressure from stakeholder groups by adopting the value level of order, thereby keeping the authorities at bay with no intentions of fully accounting for their actions.

Theoretically, the higher-level values are not necessarily considered better than the lower value levels (van Marrewijk & Werre, 2003). When the challenges from the external environment are met by a particular value level, organisations may not try to achieve a higher value level. However, we argue that organisations may strive to achieve the synergy value level as this would be beneficial to both the organisation in terms of financial gain and to the long-term survival of people and the planet, thus satisfying the

three dimensions of the triple bottom line philosophy. We present two case studies to demonstrate how our framework for assessing value levels can be applied.

4. Method

Our method involved content analysis of the sustainability reports of two companies, Anglo Coal Australia (hereafter ACA) and VicSuper. These two companies were chosen from a list of companies in Australia that prepare sustainability reports in accordance with the GRI guidelines. There were just seven companies that prepared sustainability or corporate responsibility reports in accordance with the GRI as at December 2005. Of these companies, we intentionally chose a mining company ACA (as it is perceived to have a direct impact on sustainability issues) and a financial institution, VicSuper (with an apparent indirect impact on sustainability issues). Additionally, these companies were chosen as their reports contained the word "sustainability" in the title as opposed to other reports which included words such as "corporate social responsibility" and "environmental report". Our aim is not to statistically generalise in relation to corporate value levels exhibited by organisations, but to use a framework to provide an insight into the value levels exhibited by companies that use the GRI guidelines. Hence, we limit our analyses to two companies.

ACA is a large privately owned mining company which is a fully owned subsidiary of Anglo American. ACA operates several mines including both open cut and underground mines, predominantly along the eastern coast of Australia. The ACA report analysed in this paper was prepared for the year 2004. Therefore, this study is based upon the GRI guidelines prior to the release of G3 in late 2006.

VicSuper is a large superannuation fund based in Melbourne and provides superannuation services to eligible individuals in Australia. It has assets of around $3.2 billion and is a not-for-profit organisation working to benefit its members who hold superannuation plans. The VicSuper report analysed was prepared for the year 2005. Both these companies have significant operations in Australia and their sustainability reports are prepared "in accordance" with the GRI guidelines.[5] We expect that sustainability reports prepared in accordance with GRI guidelines reflect a more serious intention to report on sustainability issues in comparison to the other two categories, as the "in accordance" reports require a greater level of rigour in the preparation of the report. This therefore demonstrates that these organisations are committed to sustainability reporting, but our framework helps to identify their level of commitment based on the value level framework.

The content analysis of the GRI guidelines and company reports was carried out based on the assessment criteria that we developed for each of the four value levels (refer to Appendix 1 for a full list of codes). These assessment criteria were developed using the descriptions of the value levels provided by van Marrewijk & Were (2003) and Hardjono & de Klein (2004). For instance, the order value level can be observed in instances where the reporting organisation focuses on compliance with laws relating to sustainability issues, is concerned with cost of sustainability engagement and perceives sustainability as an obligation to the organisation. The organisation focuses on maintaining a responsible corporate citizen image through activities such as sponsorship and philanthropy. Similarly, assessment criteria were developed for the other three value levels. These criteria were used for coding the sustainability reports. The coding procedure involved the two researchers independently reading the reports and identifying sections of the text which related to the individual codes/criteria. A consensus was reached in terms of the coding categories by the researchers after the initial round of independent coding. These items of text were then grouped under each of the codes/criteria and the numbers of items for each of the value levels were then aggregated.

5. Results and Discussion

Sustainability reports produced by the ACA and VicSuper provide tentative evidence of the two companies attempting to engage in the sustainability discourse and taking steps to implement actions to mitigate their impact. Table 1 shows the number of items of text identified in each value level category from the annual reports of the two companies.

Table 1: Coding results

Value Level	Anglo Coal Australia	VicSuper	Total No. of Items
Order	15	5	20
Success	9	20	29
Community	17	15	32
Synergy	8	10	18

The results show that the most significant value level displayed through the sustainability reports is the community level, followed by success, order and synergy. The nature of the items found in each of the value levels is discussed below.

5.1 Order

This value level views sustainability from a compliance perspective. In this value level organisations are concerned with meeting legal requirements, maintaining standards accreditation, viewing sustainability as an obligation and denying their impact on the environment (see Appendix 1 for a full list of codes). Not surprisingly, a vast majority of items were identified in codes 1.1 (compliance with laws) and 1.2 (compliance with standards or maintaining accreditation). A total of 13 of the 20 items came from these two codes.

It is apparent from the items identified that both organisations were concerned with ensuring that they meet their statutory requirements and maintain their standards accreditation. ACA for instance had its operations certified as ISO 14001 and AS 4801 (an Australian Occupational Health and Safety standard) compliant. ACA appears to have devoted significant efforts in ensuring that its operations obtained accreditation in 2004 and their future goals appear to be focused on ensuring that accreditation is maintained. ACA also mentioned in their report that their employees were hired in accordance with industrial regulation, including the principles of the International Labour Organisation and UN-UK Voluntary principles on Security and Human Rights. ACA also assert in their report that their sustainability policies such as their climate change policy is in line with the policies of Anglo American, their parent company. As shown in Table 1 ACA accounts for majority of the items identified under the order value level.

VicSuper does not feature heavily in this value level of disclosure, they merely state that their occupational health and safety standards are very high and that all employees are provided with the relevant training. Their report is audited in accordance with the AA1000 assurance standard. They also mention that they use proxy voting at the annual general meeting to persuade companies in which they invest to adopt good governance policies. Their proxy voting policy is driven by advice received from Corporate Governance International Pty Ltd, and the Australian Council for Superannuation Investors. That VicSuper does not feature heavily in this section is perhaps indicative of the fact that they have an indirect impact on sustainability and thus there are no direct sustainability related regulatory requirements placed on them.

It is interesting to note that no items were identified for codes 1.3 (statements of non-impact/denial, i.e. we do not have an effect on the environment) and 1.6 (sustainability as an obligation). Both organisations seem to recognise the importance of sustainability and appear to accept responsibilities for their actions.

5.2 Success

Organisations adopting this value level are concerned with sustainability with an

inherent view to improve their business performance at the same time. Organisations pursuing this value level push the business case for sustainability, view sustainability as a risk reducing strategy and use it as a reputation enhancing tool (see Appendix 1 for a full list of codes). As shown in Table 1 a high proportion of total items was identified under this value level (29/99 items). It appears from the items identified in this section that both organisations were pushing the business case for sustainability, arguing that it is good for business and also for the environment and society in general. VicSuper in particular made several motherhood comments in this section stating their views on the business case for sustainability. The following quote is indicative of the success value level for VicSuper.

> "This view is changing with leading companies of all sizes around the world demonstrating that sustainability is good for business. We also believe that this holds true for superannuation and that an approach using sustainability principles is central to successfully managing a superannuation fund over the long term." (p.3)

VicSuper's extensive focus on the business case for sustainability in contrast to ACA is further evidenced by the fact that we identified just 9 items relating to the success value level for ACA in comparison to the 20 items identified for VicSuper. ACA seems to view its contribution to the general Australian society and local communities as its contribution to sustainability from a success point of view. For instance, ACA's report presents the number of people employed, taxes paid, and amounts spent buying goods and services. No direct quotes relating to the business case for sustainability were found in the ACA report. Only one indirect reference is made in relation to ACA's staff training program which they have designed in order to optimise:

> "Business performance to deliver agreed business strategies and an increased capacity to manage and influence the external environment." (p.10)

Both organisations also appear to view sustainability as a plausible strategy for risk reduction. Again a majority of items identified were from the VicSuper report. VicSuper seems to use sustainability reporting to ensure that future returns for the company are sustainable and company returns are better than the market return. The following quotes are indicative of such an approach:

> "We believe that over the long term, companies that address all of their environmental, social and economic risks and opportunities will provide better investment returns and a better outcome for the environment and society which is particularly relevant to VicSuper." (p. 27)

> "With proper attention to risk management and processes that respect the rights of stakeholders, organisations can prosper over the long term." (p.27)

On the other hand, the risks that ACA was primarily concerned with related to occupational health and safety issues. They report that an important consequence of their safety initiatives has been the reduction in injury rates and lost time as a result of injuries. It is apparent that both companies have initiated several sustainability related initiatives with the main objective to reduce risk for the company.

The other codes that featured under the success value level were 2.4 (measurement of financial gain as a result of sustainability engagement), 2.5 (integration of sustainability into business operations only when it positively impacts on the bottom line) and 2.6 (participation in all promotion of market based sustainability incentives, such as emissions trading rights). While we found a few items in relation to the above three categories they were not a significant proportion of the items found for the success value level.

ACA for instance measures its financial gain in relation to the outsourced waste collection and disposal and was investigating

the possibility of using by-products of its production process as a domestic combustible fuel. VicSuper does not appear to measure any tangible financial gains but rather is concerned with ensuring that those who invest in them are able to generate cash flows in the long term. We only found two items that related to code 2.5; both of these were from the VicSuper report and are evidence of the profit motivation for some of their initiatives as evidenced by the following quote.

> "Conserving natural resources is also good for our bottom line. For example, printing double-sided and conserving energy saves us money. These savings help us reduce our operating costs and maintain our low fee structure for members." (p.57)

In relation to code 2.6, ACA engages with several government agencies about climate change and to identify alternative ways of controlling emissions. VicSuper has also entered into partnerships with:

> "Professional associates to explore new opportunities for our stakeholders, understand existing and emerging issues, contribute to the learning and development of our staff, and provide information to the broader community about our initiatives." (p.22)

A greater presence of VicSuper in this value level is perhaps not unexpected given that they are a superannuation company with the main goal of providing good returns to their members. Therefore it is plausible that they would pursue sustainability initiatives in so far as they produce good returns, particularly over the long term. In contrast, ACA being a mining company has to directly face the sustainability challenge and thus cannot place a great emphasis on the impact of sustainability initiatives on the bottom line. Overall, the evidence suggests that the success value level is an integral part of the operations of the two companies, where most emphasis is placed on the business case for sustainability and the potential of sustainability initiatives to reduce business risk.

5.3 Community

Organisations that exhibit traits of the community value level are concerned with trying to achieve a balance between social, economic and environmental issues, trying to engage with communities and other stakeholders, and focus on building long-term relationships with these groups. It is interesting to note that this value level is where most items were identified from the two sustainability reports examined. Furthermore, there appears to be little difference in the number of items identified for ACA and VicSuper (17 and 15 respectively). Both companies (particularly VicSuper) make several comments in relation to the need for achieving a balance between economic, social and environmental aspects of sustainability. Both companies tend to recognise the importance of various stakeholders including employees, non-government organisations, local communities and indigenous groups. For example, VicSuper argues:

> "To be a sustainable company, we need to consider all risks. Not every issue has significant economic, environmental and social impacts, but we will still look at the potential impacts in all three areas." (p.44)

> "We believe that this investment approach will not only provide long-term financial benefits to our members, but will also contribute to building a sustainable superannuation fund with positive social, environmental and economic benefits to all stakeholders." (p.22)

We also found some items that indicate a willingness of these companies to engage with sustainability issues over and above the business case. ACA for instance, took community complaints regarding dust and other such issues on board and trialled several initiatives to address these community concerns, even though dust pollution levels were legally acceptable (as per the Australian Environmental Protection Agency's level). ACA is also part of a voluntary program run by the Australian government called the Australian

Government Greenhouse Challenge program aimed at monitoring and abating greenhouse gas emissions. ACA has also invested in rehabilitating mined land and they provide information on the area of land that has been rehabilitated. Only one item was identified from the VicSuper report in relation to code 3.2 (organisation promotes the need to engage with sustainability over and above the business case) and this relates to incorporating aspects of environmental sustainability principles into their office buildings.

A large number of items were identified in relation to codes 3.3 (focus on building long-term relationships with employees) and 3.4 (focus on building long-term relationships with stakeholders and/or local community). This is perhaps not surprising as most Australian companies consider their employees as the primary audience for their sustainability reports (Australian Government - Department of Environment and Heritage, 2005). ACA reports extensively on their safety training programs and describe the various consultative mechanisms that have been initiated at different mines. However, it is important to note that not all safety initiatives were present in all the mining sites. ACA also describes initiatives that have been undertaken to improve the health and fitness of employees. Again, these are ad-hoc and are not applied uniformly across all the mining sites.

Similarly, VicSuper appears to have invested in training employees and providing them a safe workplace. Several initiatives undertaken by VicSuper can be seen as indicators of the community value level as they go beyond complying with laws in providing their employees with a safe working environment. Both these companies (VicSuper in particular) acknowledge the importance of their employees to their long-term success.

Several items were identified in relation to code 3.4 which is concerned with building long-term relationships with stakeholders. Of the ten items identified under this code seven came from the ACA report. ACA has developed what they call a Social-Economic Assessment Toolbox (SEAT), the strategy that would lead to post-mining benefits as outlined below.

> "With a long term strategy, built on partnerships with our local communities to deliver more sustainable locally focussed post-mining benefits." (p.13)

In addition to this, ACA has also engaged with local communities and assisted them with safety and environmental standards training programs. They also interact frequently with local communities to identify ways to assist them as the quote below illustrates.

> "ACA aims to contribute to the communities near its operations. This is done by consulting and engaging with local stakeholders and implementing agreed actions that benefit the communities." (p.14)

VicSuper also interacts with their stakeholders both for the purposes of producing its sustainability report and for sustainability issues in general. In relation to code 3.5 (statements about mutual dependency) no items from ACA were identified, all six items came from the VicSuper report. VicSuper seems to acknowledge that there is a high degree of interdependence between the operations of a business, the general society and the environment. The following quotes illustrate this point.

> "Sustainability is a way of operating and investing that recognizes the dependence of the overall health of the economy on the long-term availability of natural resources, a healthy environment, a productive workforce and cohesive societies." (p.1)

> "Put simply, without a healthy environment and a healthy society, a healthy economy cannot be sustained." (p.5)

> "An organisation that fails due to poor governance affects not only its immediate stakeholders but also the broader community through a range of factors,

such as financial losses, loss of employment, and loss of confidence." (p.42)

"Organisations cannot operate in isolation. The effectiveness of VicSuper's partnerships will impact on the wellbeing of our partners, our other stakeholders and, ultimately, the broader community." (p.8)

While VicSuper seems to recognise the interdependence between their actions, the environment and the community the report does not provide any indications of how this is measured. Additionally, it does not provide any evidence of initiatives that have been undertaken to benefit the wider society and the environment. In other words, while VicSuper is exhibiting several traits of the community value level, they have yet to put in place any initiatives that reflect this value level. This brings to the fore the argument that value levels in isolation are rhetoric, unless they are supported by tangible initiatives that are adequately monitored, measured and subsequently reported.

5.4 Synergy

Organisations that exhibit the traits of the synergy value level are proactive in developing new ways to address issues of sustainability. Organisations accept responsibility for their actions and subscribe to the notion that "humans cannot control the environment". Relative to the other three value levels we did not identify many indicators of this value level. We found just one item in relation to code 4.1 (organisation attempts to search for functional solutions, increasing commercial and intellectual wealth for the long-term) for each company. VicSuper invests 10% of its private equity funds in "early stage and expansion stage" companies that produce products or services that make better use of scarce resources in a manner that reduces the ecological impact of economic development. ACA is exploring new ways in which carbon emissions from its operations can be disposed of (by use of a method know as carbon capture). These initiatives of the two companies can be seen as innovative and progressive towards improving sustainability.

Encouragingly, we found some items in relation to code 4.2 (organisation exhibits responsibility for its actions). However, some of these statements were quasi-admissions of responsibility and were not supported with actions to deal with the issues. ACA for instance, takes community complaints regarding its operations seriously and deals with them swiftly. We also identified an example in the ACA report where the company had voluntarily reported information to the Queensland Environmental Protection Agency and had to take remedial action as a result. ACA has also engaged in biodiversity and conservation programs at some of its mining sites.

By contrast, VicSuper's report consisted only of general statements in relation to the impact of its actions on the environment. The following quotes are exemplars of this view.

"The energy we use to run our three advice centres and the transport that our staff use, means that VicSuper contributes significantly to the amount of greenhouse gas emissions our society produces." (p.61)

"The impact of our operations does not end with us. If our partners are also committed to sustainability, we can be confident that they are looking after their staff, minimising their ecological footprint, and ensuring their business is financially sound – while making sure their partners are doing the same. This can lead to substantial flow-on benefits to society, the economy and the environment." (p.64)

"While we cannot underestimate the environmental impact of our internal operations, our greatest impact on the environment is through the more than $3 billion we have invested in companies and other assets globally and the impact that they have on the environment through their operations, products and services." (p.57)

While VicSuper outlines its impact on sustainability through its investments, not all

of its investments are based on sustainability criteria. Only a small proportion of their investments are screened against sustainability criteria. Thus while the above statements reflect VicSuper's view that their actions can have ramifications for sustainability outcomes, they do not appear to report any significant initiatives that can remedy the consequences of their investment choices. Again, this can perhaps be attributed to the indirect nature of VicSuper's involvement in sustainability which makes them less prominent in the public domain than ACA – a mining company.

A few items were identified for code 4.3 (organisation looks for new ways in which to engage with sustainability). ACA has initiatives to reduce water usage in their production processes and they report on their performance in relation to their water targets. According to their report, ACA is also in the process of broadening its project selection/investment criteria to take sustainability issues into consideration. Both of these initiatives can be seen as attempts to look for innovative and synergistic ways to engage with sustainability.

The remainder of the items identified under code 4.3 relates to VicSuper. VicSuper is one of the founding members of the Investor Group on Climate Change and outlines its ability to push the sustainability agenda through its investments.

> "This means that we have the opportunity to influence both the companies and assets we invest in and other superannuation funds to consider sustainability issues in their operations and investments. As you will read in this report, we have started to do this through a number of avenues in addition to investments, such as being a founding member of the Investor Group on Climate Change." (p.3)

Additionally, VicSuper liaises with other property fund managers to ensure that sustainability issues are considered in management and development of property. The property portfolios owned by VicSuper are subsequently assessed against sustainability criteria. VicSuper also intends to increase its investments in sustainable businesses and work towards a better understanding of the sustainability consequences of their investments. Thus VicSuper appears to be making in-roads to become a sustainable superannuation fund.

In relation to code 4.4 (the use of technical and technological advances to improve sustainability outcomes) we identified just two items, one each from the two companies. VicSuper has been highly proactive in sourcing all their office power needs from renewable sources of energy such as wind, solar and hydro. ACA is currently investigating the possibility of using methane (a by-product of their production process) as a source of fuel. No items were identified in code 4.5 (organisation exhibits the philosophy of humans cannot control the environment). Overall, we identified a relatively small proportion of the total items under this value level. However, the initiatives taken by these companies do appear to be a step towards achieving better sustainability outcomes.

6. Conclusions and implications

In recent times there has been an increasing pressure on business organisations to be accountable and transparent in their activities. Stakeholders are becoming more vocal in their demands for information not only on financial performance but also on the ways in which businesses are aligning their activities with the principles of sustainable development (Rondinelli & Berry, 1999; Keeble, Topiol & Berkeley, 2003). Consequently, a number of business organisations are engaging with issues of sustainability in various forms and some produce promising sustainability reports.

We used the ECSF value level framework to develop a set of assessment criteria to critically evaluate the sustainability reporting practices of VicSuper and ACA. The analyses of the sustainability reports show that these organisations were primarily concerned with engaging with sustainability in so far as it was profitable for the business. For example, these organizations ensured that

they complied with relevant legislation and maintained professional accreditation. Therefore, the important aspects of sustainable reporting practices of the two entities were primarily related to their internal environmental management practices (order and success). External interactions with stakeholders and communities (community and synergy), although heavily articulated, do not account for any significant portion of their sustainability related actions/initiatives. Therefore, it appears that organisations will integrate sustainability management practices into their overall business strategies only where this leads to "win-win" results (more efficient and cost-effective business operations as well as sustainable environmental outcomes) (Rondinelli & Berry, 1999, p.30).

While we identified several items relating to the "community value level" it was evident that the two case organisations, particularly VicSuper were engaging in rhetoric rather than in any concrete action. For example, several initiatives that were undertaken by these organisations under the "community value level" were relatively small impact initiatives with a lack of any follow-up action or reporting of outcomes. Therefore, while these companies are producing sustainability reports, overall evidence suggests that these organisations are yet to be fully convinced of the advantages of the inclusion of sustainability in their strategic and operating plans, and for day-to-day decision making on a highly organized basis (Nitkin & Brooks, 1998, p.1506).

Furthermore, while comparing the sustainability reports of the two companies, it is apparent that the level of "public visibility" of the company also has an impact on what is reported. ACA for instance reported extensively on their compliance with relevant laws and regulations. VicSuper on the other hand, was able to make more general statements about their role in the society and their views on sustainability. VicSuper's impact on the social and environmental issues is also relatively indirect and this has enabled them to be more philosophical in their report while ACA had to be more specific about their impacts.

Overall, both the organisations can be commended for some of the initiatives that they have embarked upon under the synergy value level. However, our analysis has shown that information presented in the sustainability reports, especially statements without reference to any follow-up action or reporting of outcomes must be interpreted with caution. While a certain value system is dominant in an organisation and is widely emphasised, it does not necessarily mean that the related value system is functioning (van Marrewijk & Were, 2003, p.109).

While the assessment criteria developed in this paper could be useful in providing a greater insight into the usefulness and meaningfulness of sustainability reports, it does not specify how organisations can move from one value level to another. Future field-based research could be used to examine the value levels exhibited by other organisations and gain insights into the motivations for sustainability oriented decision making. Future longitudinal studies with a larger sample size could also be used to examine the value levels exhibited in sustainability reports of organisations over a period of time. Such research would enhance our understanding of how organisations could better contribute towards sustainable development which is increasingly becoming a desirable objective for the society.

Some limitations of our study need to be recognised. We have used a content analysis to evaluate the sustainability reports of the two organisations. There were no follow-up interviews conducted. Therefore, there may be instances where the organisations have specific mechanisms to measure certain aspects of their environmental influences but we were not able to detect those while reading the reports.

Endnotes

1. For example, in a content analysis of 38 multinational enterprises (MNCs) Rondinelli & Berry (1999) found that a

number of MNCs were engaging in sustainability issues. "In 1997, for example, ABB spent more than $35 million on staffing its Environmental Affairs Network of 600 people, $29 million for implementation of ISO 14001 certifications, and $1 million for the development of its lifecycle assessment. SmithKlein Beecham spent more than $40 million on environmental operations and an additional $23 million on environmental capital improvement projects. Between 1993 and 1996, Eastman Kodak spent more than $478 million for pollution prevention and waste treatment at its manufacturing sites. Dow Chemical's expenditures over 10 years on energy use reduction alone exceeded $200 million." (p.28)

2. The Department of the Environment and Heritage was renamed the Department of the Environment and Water Resources in 2007.
3. We have chosen the GRI guidelines as the reporting standard as it is a widely used and accepted guideline for preparing sustainability reports. For example, in Australia the Department of the Environment and Heritage promotes the use of the GRI guidelines for organisations that intend to report their sustainability activities. Additionally, in 2005 there was a 21% increase in the number of organisations that chose to use the GRI guidelines to prepare their sustainability report in Australia (Australian Government - Department of Environment and Heritage, 2005).
4. The use of these two organisations' sustainability reports is merely to provide an example of how the assessment criteria can be applied to sustainability reports. We do not intent these two reports to be representative of good or bad quality reporting nor do we purport that the findings in relation to the value levels found in the two reports can be generalised to the broader population.
5. Organisations can fall under three categories while reporting using GRI 2002 guidelines. Reports can be prepared either (a) in accordance with the guidelines or (b) containing a content index or (c) with reference to the guidelines.

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Appendix 1

Assessment criteria - Indicators of value levels

1. Order

Code items relating to:

1.1. Compliance with laws

1.2. Compliance with standards or maintaining accreditation

1.3 Statements of non-impact/denial, i.e. we don't have an effect on the environment

1.4 Basic measurement of environmental performance with no follow-up action

1.5 A highly cost-oriented approach towards sustainability

1.6 Sustainability as an obligation

1.7 Sponsorship, philanthropy, charity work, etc.

2. Success

Code items relating to:

2.1 The business case for sustainability

2.2 Sustainability as a strategy for risk reduction

2.3 Sustainability is a strategy for improving reputation

2.4 Measurement of financial gain as a result of sustainability engagement

2.5 Integration of sustainability into business operations only when it impacts on the bottom-line

2.6 Participation in all promotion of market-based sustainability incentives, such as emissions trading rights, etc.

3. Community

Code items relating to:

3.1 Statements about a balance between economic, social and environmental issues

3.2 Organisation promotes need to engage with sustainability, over and above the business case

3.3 Focus on building long-term relationships with employees

3.4 Focus on building long-term relationships with stakeholders and/or local community

3.5 Statements about mutual dependency, i.e. the organisation benefits when the stakeholders and/or the environment benefits.

4. Synergy

Code items relating to:

4.1 Organisation attempts to search for functional solutions, increasing commercial and intellectual wealth for the long-term, both for itself and for stakeholders

4.2 Organisation exhibits responsibility for its actions

4.3 Organisation looks for new ways in which to engage with sustainability

4.4 The use of technical and technological advances to improve sustainability outcomes

4.5 Organisation exhibits the philosophy of "humans cannot control the environment".