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EDITORIAL

The *APCEA Journal* for March 2007 contains two feature articles. The editors express their thanks to authors submitting draft articles in line with the 'Instructions for Authors'. This simplifies both the review and editing processes.

The *first feature article* in this issue considers stakeholder dialogue of a multinational company with a chequered history in relation to its social and environmental impacts. The author of 'How useful are Shell's Reports for stimulating dialogue' is Colin Higgins, a Lecturer at Massey University in New Zealand, a University well known for its contributions to research and scholarship into the social and environmental. What does Colin conclude about 'Tell Shell' cards in its *Profits and Principles Report* 1998? Innovative? Courageous? Or a prop for maintaining the status quo? Read on.

Are citizens in Australia concerned about social and environmental issues? The *second feature article* by Carol Tilt from Flinders Business School considers 'Community Attitudes and Activism on Social, Political and Environmental Issues.' Data are sourced from the *Australian Survey of Social Attitudes* (AuSSA), a mail survey which began in 2003 and takes place every 2 years. The survey is conducted through the ACSPRI Centre for Social Research at The Australian National University. It seems that citizens are less concerned about social and environmental issues than we might expect, thereby increasing the scope for management strategies to dominate.

'Environmental Extra!' the Journal's regular feature is included as well as information about a recent 'PhD Completed' by Dr Anna Lee Rowe.

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Instructions for contributors:

Articles should in a word document, Times New Roman, 12 point, single spaced, two columns, attached to an email.

Feature articles are independently peer reviewed by members of the Editorial Board in accordance with the 2007 requirements for classification as a C1 journal article in Australia. 'For the purposes of the HERDC, an acceptable peer review process is one that involves an assessment or review of the research publication in its entirety before publication by independent, qualified experts. Independent in this context means independent of the author.'

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HOW USEFUL ARE SHELL'S REPORTS FOR STIMULATING DIALOGUE

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ABSTRACT

This paper subjects the 'Tell Shell' cards contained within Shell's 1998 *Profit and Principles* report to critical analysis. Although the cards show some innovation in terms of stimulating dialogue, they are structured and positioned in a way to support arguments that fundamental changes are not required to the business system in order for companies to contribute to sustainable development.

INTRODUCTION

Sustainable development (SD) has captured the business imagination (see Bebbington, 2007), and social and environmental accounting and reporting (SEAR) is presented as a way for business organisations to manage the transition toward more sustainable outcomes (Gray and Bebbington, 2000; NZBCSD, 2002).

Whether or how SEAR contributes to SD (at either a macro or micro level) remains the subject of much debate, but some of the practitioner-oriented literature (see Elkington, 1997 and the GRI and AA1000 standards) suggests an important role for stakeholder dialogue. According to these developments, engagement between business organisations and their stakeholders is "an essential pre-requisite for [the] successful pursuit of the [SEAR] process" (Owen *et al.*, 2001, p. 267).

In this short paper, I discuss the (seemingly innovative) dialogue activities contained within the Royal Dutch/Shell Group of Companies' first (1998) *Profits and*

Principles report (hereafter the Shell Report 1998). This paper sits within a larger study of the constitutive effects of SEAR on discourses of corporate citizenship (see Higgins, 2006). My approach here is based on a form of critical discourse analysis (Fairclough, 1992) and focuses on how Shell enacts dialogue to construct the image of a responsive and credible organisation, which enables it to articulate and normalise its own (fairly conservative) understanding of sustainable development and corporate responsibility.

SUSTAINABLE DEVELOPMENT AND BUSINESS

Despite widespread debate about the meaning and implications of SD (Redclift, 2005), not least for business organisations (Gray and Milne, 2002), many have articulated the characteristics of 'sustainable' business. Under the rubric of 'corporate citizenship' Birch (2001) suggests, for example, that sustainable business goes beyond "short term transactive relationships [to] a holistic system of organisational behaviour affecting every level and aspect of an organisation's policies and practices" (p. 54). Waddock (2002), too, stresses both policies and practices, but also emphasises integrating stakeholders and the natural environment in business considerations. Elkington, (1997) explains that "more than just environment-friendly technologies and...markets that actively promote dematerialization...[are required, there is also a need for] radically new views of what is meant by social equity, environmental justice and business ethics" (p. 72).

These statements, while aspirational (and perhaps inspirational) are fairly abstract. Not only do they mask debates about the meaning and implications of SD for business (see Bebbington, 2007), they also assume that business organisations can make transitions to new (potentially radical) organisational philosophies and behaviours.

SOCIAL AND ENVIRONMENTAL REPORTING

SEAR is widely touted as offering one way for effecting such change (see, for example, NZBCSD, 2002), but doubt persists about exactly what SEAR achieves and how.

The academic SEAR literature, mostly in accounting, maintains that SEAR can effect *fundamental* change by creating new visibilities about the business and society relationship. Such visibilities raise the consciousness of managers and/or stakeholders (see Gray *et al.*, 1996), which motivates changes in behaviour. The practitioner literature assumes that SEAR can be used to monitor social/environmental shifts and turn them into profitable business opportunities (see, for example, Elkington, 1997; NZBCSD, 2002), without a need for major reform of the business system.

Doubt has consistently been raised, however, about whether the current business system can ameliorate serious social/environmental concerns (Gray, *et al.*, 1995). Evidence that SEAR can affect fundamental change to the business system is also less than compelling (Gray *et al.*, 1995; Bebbington, 1997). SEAR may raise consciousness, but it fails to penetrate systemic imperatives (O'Dwyer, 2003).

Picking up on these threads, critical theorists argue that the close association of SEAR with the current business system is the problem; SEAR doesn't address underlying structural inequalities that cause the most damaging outcomes. In fact, some argue that SEAR too easily becomes 'captured' by, and

actually operates in service of, dominant interests in society (see Tinker, Lehman, & Neimark, (1991) for an overview of this critique).

SEAR and dialogue

For some, stakeholder dialogue is offered as a way for SEAR to contribute to change. The practitioner literature places stakeholder engagement at the heart of building 'inclusive' relationships to facilitate evolutionary change (Zadek *et al.*, 1997).

Utilising a range of mechanisms, including questionnaires, focus groups, open forums/workshops, meetings, in-house newspapers, interviews, web/phone hotlines and briefing sessions (Owen *et al.*, 2001, but see also Wheeler and Silanpää, 1997; McIntosh *et al.*, 1998), stakeholders can define an organisation's responsibilities, and also provide qualitative, perception-based measures of organisational performance (Institute of Social and Ethical Accountability, 1999; Zadek, 1998; Gray *et al.*, 1997; Zadek *et al.*, 1997). Providing stakeholders with "information that is relevant to their needs and interests...invites further dialogue and enquiry" (Global Reporting Initiative, 2002, p. 1), and thus potentially provides a democratic basis for organisational responsibility.

Some critical theorists suggest that stakeholder engagement resonates with Habermas' ideal speech act (Arrington and Puxty, 1991; see also Gray *et al.*, 1997). Communication can be the steering mechanism for society's organisations. Questions have been raised, however, about current practice, particularly the willingness of managers to cede responsibility to 'external' groups, and the likelihood of changes happening as a result (Owen *et al.*, 2001).

Most of the literature emphasises dialogue at the pre-publication stage of the SEAR

process. Once produced, however, reports are widely assumed to play a part in subsequent dialogue cycles (Institute of Social and Ethical Accountability, 1999). It is to one report, clearly marked as part of a broader dialogue process, that my attention now turns.

THE 1998 SHELL REPORT

The Shell Report 1998 was prepared in 1997 and, while often attributed to Shell's reputation crises associated with the Brent Spar and Nigeria, is positioned by Shell as part of a broader process of dialogue activities and strategic and operational changes.

While appearing much like a conventional 'annual report' (in terms of structure, layout and format), my interest centres on how the report references dialogue. Not only does it sit within a series of past and future dialogue activities, but the title of the report is a question (Profits and Principles – does there have to be a choice?), and the first page invites engagement with the company: "This report is part of a dialogue, and we will continue to seek your views" (p. 1).

According to Fairclough (2003) there is "a great deal of talk about 'dialogue', 'deliberation', 'consultation' and so forth" (p. 79), and such claims should be assessed against some criteria (see also Zadek, 1998). He suggests that the characteristics of 'real' public sphere dialogue include:

- That people decide to enter the dialogue, and can continue the dialogue on other occasions;
- Access is open to anyone who wants to join in, and people have equal opportunities to contribute to the dialogue;
- That people are free to disagree, and differences between them are recognized;

- There is space for consensus to be reached, alliances to be formed;
- It is talk that makes a difference – it can lead to action.

The Shell Report 1998 shows some innovation. Rather than confining dialogue to the pre-publication stage of the SEAR process, Shell attempts to actively utilise the report for dialogue purposes. Included in the report are a number of dilemmas the company is facing, and also explanations of how the company is attempting to respond. Nine 'Tell Shell' post-paid reply cards are included to facilitate participation.

It is to these cards, as well as their position in this report, that most of my analysis is directed.

The 'tell shell' cards

Participants are able to enter into dialogue with Shell by choosing to read the report, and can continue the dialogue and disagree with the perspectives put forward by completing a 'Tell Shell' card.

Each of the 'Tell Shell' cards are structured the same. They contain a 'handwritten' heading; an opening statement; space to respond to specific questions; a pointer to where Shell's approach is located; and an option to record name and address.

In terms of how the cards (and much of the report as a whole) are presented, several features reduce social distance between Shell and the reader, and increase the accessibility of the report. Each card includes 'Polaroid-type' photographs; handwritten fonts; and instructions and questions written in informal and colloquial language.

Despite overtures toward dialogue, and attempts to increase accessibility, participants are not free to select and change topics, and Shell assumes the right to shape the dialogue. Each card addresses a specific issue: six relate to dilemmas:

- Shareholder value vs. social investment
- Economic muscle and political influence
- Go in or stay out (of politically sensitive areas)
- Islands of wealth (in developing countries)
- When is a fee a bribe?
- The high price of health, safety and environmental standards.

Three address more general issues:

- Communication
- Pace of development in renewable energy sources
- The Shell Report

Why dialogue is sought on these topics (and not others) is unclear. Further, in terms of the structure of the report, considering that an ‘Issues and Dilemmas’ section has the stated purpose of eliciting engagement and dialogue, it is unclear why the ‘Tell Shell’ cards are placed before, rather than after, this section.

The use of a static card has important limitations. As a ‘one-way mediated form of communication’ (Fairclough, 2003), Shell maintains control over continuing the dialogue and thus opportunities for having differences recognised and reaching consensus are constrained.

Further, as currently structured, it is doubtful that everyone can join the dialogue. Despite being pitched by Shell as a global report, and considering that Shell has operating companies in over 130 countries and more than 800,000 shareholders (Shell Report, 1998), the post-paid reply option is not available everywhere, and submitting feedback to the company’s website is limited to countries/regions with internet access.

Supporting an argument?

Perhaps more significant than the ‘technical’ limitations of a static card, the ‘Tell Shell’ cards assist to develop an argument that the current business system is sound, and that major reform is not required.

The ‘Tell Shell’ cards mediate a tight and close relationship between the ‘Issues and Dilemmas’ and Shell’s Business Principles. While it could be expected that the topics for dialogue reflect issues facing the company, it seems coincidental that they also relate almost exactly to eight of Shell’s nine business principles; the very system that Shell has put in place to manage such concerns. It may be that the dilemmas have arisen from attempts to operationalise the principles, but this is not clear. Instead, it seems that Shell’s General Business Principles are sufficient for managing social/environmental concerns, and no additional reforms are required.

Suspicion is reinforced by the textual structuring of the ‘Issues and Dilemmas’ section. The background information contains categorical imperatives and is written in the objective third person (“Governments are held responsible for the protection of human rights. They must protect the life, liberty and security of their citizens”). When combined with reference to authoritative organisations (UN Declaration of Human Rights, the UN Framework convention on Climate Change), the reader is left with an impression that the issues and dilemmas are ‘facts’. Such texturing disguises that it is Shell’s interpretation of these issues that is presented.

Despite this ambiguity, Shell uses the interpretations to demonstrate its competence at managing the issues. Their response is written in the first person and they point out how their General Business Principles have been used to address the

dilemmas. While sometimes questions are posed (“What does a Shell company do when faced with this situation?”), mostly the engagement has already occurred. For example, in relation to human rights:

We have established a regular dialogue with groups which defend human rights. One such dialogue was with Amnesty International and Pax Christi (March 1998) to assist others addressing this topic... We continue to debate the issues within the Group and work with human rights specialists to improve our understanding of the subject (pg. 33).

The suggestion is that, while remaining an issue/dilemma, steps are well underway towards their resolution and there is no further engagement, and especially no additional reform, required. The use of language in this report transforms potential participants to the dialogue into past participants.

Considering the very close correspondence between the ‘Issues and Dilemmas’, the ‘Tell Shell’ cards and ‘Shell’s Business Principles’ it is worth reflecting on why principle eight (competition) is excluded from the dilemmas and cards. Principle eight states “Shell companies support free enterprise. They seek to compete fairly and ethically and within the framework of applicable competition laws; they will not prevent others from competing freely with them” (p. 28). Perhaps the issue of competition and the free enterprise system is not an issue open for debate – further reinforcing that the company is mostly interested in how it can be socially/environmentally responsible within current structural arrangements.

In this vein, consider the instructions that accompany the ‘Tell Shell’ cards. Participants are asked to place themselves: in the position of the manager of a local

operating company of a multinational corporation.

Participants are encouraged to:

Imagine that your company has been present in the country in question for 75 years. It has assets of some US\$500m and 1,000 employees of whom 98% are local staff. The revenue generated for the local government by your operations represents some 20% of the national GDP. Over the last 50 years there have been several different regimes in power.

In framing a response, therefore, Shell wants participants to realize that:

These situations are typical of those faced by some managers in the everyday conduct of their business and the factors they have to take into account when making decisions.

While these instructions provide valuable context for some of the challenges that Shell managers face, they also provide further evidence that the fundamental nature of the business system is sound, and not open to debate. Dialogue is enacted in order to gather feedback about current activities and not to develop a democratic basis for organisational purposes and responsibilities.

CONCLUSION

At face value, Shell’s explicit commitment to dialogue marked in its 1998 report shows an innovative and courageous attempt at developing dialogue and engagement between one of the world’s largest companies and groups and individuals in society. A close analysis of the positioning and structuring of the cards demonstrates how the impression of dialogue can be used to shape the parameters of the debate.

Rather than being an open and easy mechanism in which unconstrained dialogue can democratically articulate the role and

responsibilities of business in society, the 'tell Shell' cards play an important role in resisting fundamental change to the current business system.

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COMMUNITY ATTITUDES AND ACTIVISM ON SOCIAL, POLITICAL AND ENVIRONMENTAL ISSUE

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ABSTRACT

The social issues of most concern to the Australian public appear to be Taxes and Health Care, with Environmental issues being ranked as the first or second most important social issue in Australia by only around 15% of respondents to the 2005 *Australian Survey of Social Attitudes*. While citizens are making their views on social and environmental issues heard to some extent, they do so by indirect means rather than direct action. In addition, there is scepticism of big business among the community, particularly of banks and financial institutions who claim to be at the forefront of social reporting. In the current climate of increased awareness of global issues such as climate change and terrorism we might expect citizens to be more involved in, or vocal about, social and environmental concerns than this survey indicates.

INTRODUCTION

The major social issues of concern to the Australian public appear to be Taxes and Health Care, with Environmental issues being ranked as the first or second most important social issue in Australia by only around 15% of respondents to the 2005 *Australian Survey of Social Attitudes* (AuSSA)¹. There is evidence in the Survey however, that citizens are making their views heard, albeit by more indirect than direct means, and this has not changed substantially in previous three years. Coupled with this, is evidence of scepticism of big business among the community, particularly banks and financial institutions, who are among those producing social reports. In the Survey over 75% of the respondents felt that big business goes unpunished when breaking the law (down slightly from 81% in 2003) and 61%

¹ Full information about AuSSA can be accessed via their website: <http://aussa.anu.edu.au/>.

consider that ‘ordinary people’ do not get a fair share of the nation’s wealth.

THE SURVEY

The AuSSA² comprises a survey of 10,000 people over the age of 18, which resulted in a sample of approximately 4,000 people, with a sub-sample of around 2000 used for some questions (there are two versions of AuSSA, with each version containing core questions that are common to both, plus additional questions on specific issues - Version B contained questions on Citizenship, some of which are used in this paper. There were 1,914 respondents to Version B). The survey is conducted through the ACSPRI Centre for Social Research at the Australian National University (King and Tilt, 2006).

Respondents to the survey were predominantly Australian born (75%) and live in the city or suburbs (62%). Their mean income is around \$AU30,000 and the median around \$AU25,000 per annum. Most respondents identified themselves as being either middle class (49.6%) or working class (41%). Approximately equal numbers of males and females responded, most finished at least year 10 of high school, with around half completing 12 years of secondary education. Around 40% had also completed either a trade or Technical and Further Education (TAFE) qualification. The average age is just over 50 years (King and Tilt, 2006). Some of the questions asked in 2005 were also asked in a similar 2003 survey (AuSSA, 2003) and in the following sections comparisons are made where possible.

² Data used in this paper are sourced from: Wilson, S. *et al.* (2006) *Australian Survey of Social Attitudes*, 2005 [computer file] Australian Social Science Data Archive, The Australian National University, Canberra.

ATTITUDES ABOUT INVOLVEMENT IN THE COMMUNITY

When discussing what it means to be a good citizen, most Australians consider the most important components to be complying with laws but also rank highly keeping watch on the government (53% rank it as very important) and helping the less privileged (41% very important). In terms of responses that could be termed some form of ‘activism’, being involved in social or political associations was ranked quite highly by around 67% of respondents when asked what it meant to be a good citizen (ranked 4 or above on a scale of 1 to 7). However, only around 10% of respondents belonged to an environmental, aid or lobby group of any kind. Community confidence in charities was rated as being high, with 60% reporting they have a lot or a great deal of confidence in these organisations.

Activism, however can be classified as a continuum from fairly indirect methods of attempting to influence others (be it Government policy, business and corporations, or community groups) to more direct forms such as demonstrations and protests, and includes support for NGOs or charities that undertake the ‘activism’ on behalf of their members.

ACTIVISM THROUGH INDIRECT MEANS

Indirect forms of Activism in this paper include signing petitions, fund raising for a particular cause or changing buying patterns of a particular product. These types of activity appeared to be used by a number of respondents – over 41% of the survey sample had signed a petition in the past 12 months and another 40% had done so in the more distant past. Similarly, 35% had boycotted products for political, environmental or ethical reasons in the past 12 months, with another 18% doing so some time before then. Of interest is that 27% said they might do so even though they have not done so in the past. Over 65% said they

have or might raise funds/donate money for a social or political activity.

part in a demonstration, and while 39% considered that they might, so far they never have. Similar results were shown in relation to attending a political meeting or political rally. Table 1 shows the relative responses to engaging in these types of direct activities in 2005.

that the indirect form of action includes consumer boycotts and women are more likely to be undertaking general shopping duties than men. The most marked difference appears between social classes, with the middle class being far more likely to undertake all forms of action than other classes.

The results of the 2005 survey indicate that

TABLE 1: PARTICIPATION IN DIRECT ACTIVISM (%)

(N = 2180)	Taken part in demonstration	Attended political rally	Contacted politician	Contacted media	Joined internet forum
Have done in the past year	4.8	5.1	13.8	5.0	1.7
Have done in more distant past	16.2	17.4	19.8	9.6	1.7
Have not done but might	39.1	37.8	44.7	42.4	27.9
Have not done and would never	38.1	38.1	20.5	41.6	66.1
Can't choose	1.8	1.7	1.3	1.5	2.7

SOURCE: AUSSA 2005

DIRECT ACTIVISM

Analysis of survey responses reveals that more direct forms of activism are less apparent. Direct activism includes taking part in organised demonstrations or rallies, contacting politicians, contacting the media about social issues, or joining an internet forum or discussion group set up around a social or political issue. The inclination to take part in a demonstration or political rally remained around the same in 2005 as it did in 2003 with only about 11% admitting to have taken part in a march, protest or rally in the last two years. Over a third (38%) of Australians stated they would never take part in a demonstration or political rally. Analysis of the survey results showed that women are more likely to engage in indirect action than men, but that gender makes no difference in their likelihood to engage in direct action. This is not surprising given

most people appear to prefer indirect methods of making their views known, whether that activism is aimed at governments or private enterprises. Methods used most include donations, petitions or changing consumption patterns. Such a preference for indirect action is supported by the fact that over 40% of respondents have never belonged to any voluntary association, and only 22% are actively involved in one. Around 88% have never belonged to a political party. These findings are consistent with research on environmental activist groups undertaken in 1994 and again in 2004, which found that even organised 'activists' favour an indirect approach when attempting to influence the behaviour of corporations (Tilt, 1994, 2004; Danastas and Gadenne, 2006). The least likely type of activism to be used is an

internet forum, which is surprising given that 60% of the sample used the internet more than once a week, and 40% use it once a day or more.

It appears that many actions undertaken by citizens are aimed at influencing or changing the behaviour of private enterprises, such as large corporations, which infers a certain mistrust of those organisations. The AuSSA survey asked Australians about their views of big business, and these responses are considered in the sections below. In terms of their involvement with companies or business, less than half of the respondents owned shares in an Australian company, slightly fewer than did in 2003, with only 5% owning shares in more than ten companies.

Just over half those in the sample were employed during the week they were asked to respond to the survey.

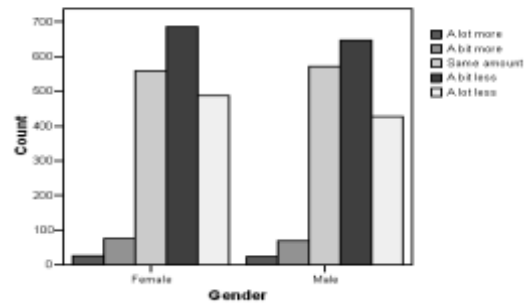
CORPORATE POWER

Interestingly, most Australians answering the survey consider that big business should either have less power (34.5%) or a lot less power (29.2%) than they currently have (see Figure 1). The number of people suggesting business should have less power has increased since the previous survey undertaken in 2003 when only 14% considered they should have a lot less power. 57% of people considered that the Federal Government is either entirely or mostly run for a few big interests; a figure that has not changed since the 2003 survey. Yet, less than 20% of people in the 2005 survey considered addressing the gap between rich and poor as the first or second most important issue facing Australia today.

It might be thought that working class people are likely to be more sceptical of big business than the middle or upper classes, as those earning a higher wage are more likely to be in management or executive positions, have greater ties to big business, and thus be

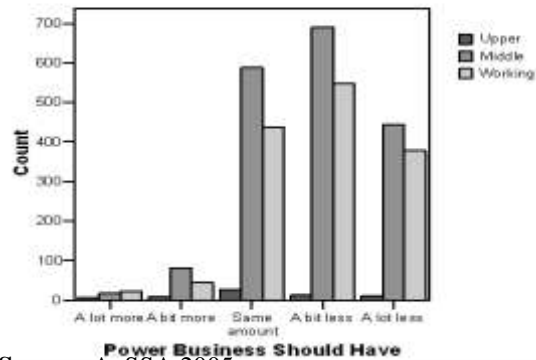
less suspicious of their motives. However, the survey results suggest this is not the case. There is no statistical difference between middle class and working class responses to this question (p = 0.128). It can be seen from Figure 2, that in both categories, the majority of people consider that business should have less power.

Figure 1: Power big business should have by gender



Source: AuSSA 2005

FIGURE 2: Power big business should have by social class



Source: AuSSA 2005

PUBLIC CONFIDENCE IN BUSINESS

In contrast with the apparent scepticism however, when asked how much confidence they have in major Australian corporations, 41% of the respondents stated they have a lot or a great deal of confidence, with 53% saying not very much or none. People appear slightly less confident in banks and financial institutions (28% a lot; 69% a little or none). There is evidence that banks in Australia (among other industries) are aware of these attitudes and their recent increase in

social and environmental reporting, as well as changes to some of their activities, may be an attempt to address this. Westpac, for example, produces annual Social Impact Reports. The poor perception towards business contrasts starkly with a high level of confidence in charities, 60% stating they have a lot or a great deal of confidence in charitable organisations.

When the results on public confidence are considered taking account of whether the respondents were employed, there does appear to be a difference (Figure 3). Employed respondents were almost equally split between having quite a lot and not very much confidence in business, while those not employed (which includes unemployed, retired and home duties) had less confidence ($p = 0.002$). This again has implications for social reporting – it is less likely that the unemployed will have access to annual reports or separate social and environmental reports.

CONSUMER INFLUENCE

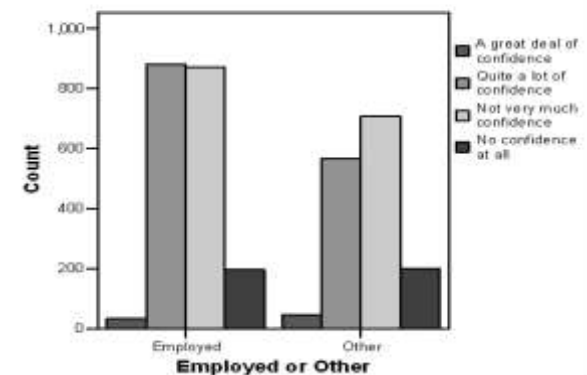
In terms of how people might try to influence big business, the act of changing purchasing behaviour is, as discussed earlier, very common. Supporting this, there is some evidence that respondents feel there is tension between consumers and big business, with 58% stating there is a lot or some tension in existence. This is a slight decrease from 2003 when around 68% perceived there to be tension. In 2005, 35% of respondents had used consumer power to exert influence over business in the past 12 months, by boycotting products for political, environmental or ethical reasons. Another 18% had done so before then, and 27% saw it as a legitimate form of influence, saying they might do so even though they have not done so in the past.

CONCLUSION

It seems that many people are concerned with the amount of power afforded to big business in our society and confidence in those organisations is not particularly high. They are considered to have too much power, to have too much support from the Federal Government and to receive a disproportionate amount of the nation's wealth.

This contrasts however, with the low level of participation in community groups and political organisations, and the decision not to speak out on social and political issues through demonstrations or rallies.

FIGURE 3: CONFIDENCE IN BIG BUSINESS



Source: AuSSA 2005

The contrast in attitudes leaves some important questions, such as whether it is simply a result of apathy within society, or whether citizens feel powerlessness and see no avenues for bringing about change – the comparatively high level of the use of consumer boycotts might indicate this is one area where society members feel they may be able to make a difference. Or, do citizens believe that organisations such as NGOs, governments and the media are already doing enough through their activities? These, and other questions, are important areas for future research.

In a world of increased awareness of global issues such as climate change and terrorism, we might expect citizens to begin to become more involved in, or vocal about, social and

environmental concerns. Evidence from Australia examined here indicates this should not be taken for granted.

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PHD COMPLETED – DR ANNA LEE ROWE

Anna Lee Rowe is Senior Lecturer in the *Graduate Business School* at *Curtin University of Technology*, Perth, Western Australia. She was recently awarded a PhD from *Macquarie Graduate School of Management*. Her principal supervisor was Professor James Guthrie, now at *The University of Sydney*. Her co-supervisor was Professor Alma Whiteley at *Curtin University of Technology*. Anna's main research interests are in the area of corporate environmental management and environmental reporting.

Below is a brief outline of Dr Rowe's PhD entitled 'Greening Corporate Dragons' Management and Reporting in Shanghai'

INTRODUCTION

What was once the discernment of a 'green' social organisational fringe, Corporate Environmental Management (CEM) and Corporate Environmental Reporting (CER), have increasingly become a core business strategy (Gray, Owen and Adams, 1996; Mathews, 1997; World Bank, 2001; SustainAbility/UNEP, 2002; Schaltegger, Burritt and Petersen, 2003). Research studies in this arena have been centred predominantly on industrialised nations (e.g., Guthrie and Parker, 1990; Patten and Trompeter, 2003), and until recently, comparatively sparse focus on developing nations (Belal, 2000), particularly in empirical studies on CER in China (Chan and Welford, 2005).

The impetus for undertaking this research in addressing the gaps in CEM and CER in the People's Republic of China (PRC) has never been more pressing. The challenge to

China presents a classic case of poverty reduction through industrialization, with enormous balancing between environmental degradation, increases in living standards, and long-term growth projections (Diener and Rowe, 2007). As the most populous nation on earth with one fifth of humanity (1.3 billions), China provides ‘telescoping’ lessons in understanding the embracing of CEM and CER in rapidly emerging nations.

Accounting and business operations have key roles in contributing to the environmental management of balancing between the short-term economic growth and long-term sustainability of the ecosystem (Gray, 2002). Motivated by the PRC’s dynamic economy with unique institutional structure and embryonic stage of environmentalism (Luo and Yuwen, 2001; Chan and Welford, 2005), the broad research objective for this field study was to explore the normative assumptions underpinning the ‘greening’ phenomena of CEM and CER as perceived by senior managers in Shanghai. For the purpose of this study, the ‘greening’ metaphor relates to senior managers’ perception of conceptualising CEM and CER within the Chinese context in Shanghai. Gladwin (1993, p. 38) considers greening as meaning many things, but it can be “viewed as a process by which human activity is made compatible with biospheric capacity” and it is “the most important phenomenon of our time as human survival literally depends on it.”

RESEARCH METHODOLOGY

In order to investigate the emerging greening phenomena of CEM and CER in Shanghai, the investigator needed to penetrate the social contexts of the senior managers interviewed in such a way that perceptions and respondents’ ‘theories’ can emerge. To achieve this, the *constructivist* epistemology was chosen using a modified

grounded research approach (Strauss and Corbin, 1990; 1994; Whiteley, 2004). The *constructivist* paradigm can help accountants, senior managers and policy-makers discover what is happening, and *why* organizational actors do what they do (Parker and Roffey, 1997).

Hence, the appropriate epistemology is therefore interpretivist (Guba and Lincoln, 1994; Lincoln and Guba, 2000). The ‘realities’ presented by the respondents must be interpreted and understood (*verstehen*), rather than empirically measured, and explained (*erklaren*). This study focused on capturing respondents’ interpretations of multiple realities rather than measuring an assumed single reality. A field setting was chosen utilizing the multiple case study method.

The qualitative data was collected by means of interviews with senior managers and executives from fifteen enterprises operating in Shanghai. It has been suggested by the United Nations Educational, Scientific and Cultural Organisation (UNESCO) office in Beijing that: “company managers are a key target group of major importance to the environmental situation in China...” (Hebel, 2003). They were likely to possess ‘emic’ knowledge (i.e., participants’ interpretations and the unique values of a particular society) about their organisations (Brislin, 1976; Marshall, 1998).

The primary respondents’ perceptions were triangulated with the views of “outsiders” and historiography analysis of publicly available information (e.g., Chinese Statistical Year book, corporate documents, and press releases). “Outsiders” are those individuals informed about environmental issues who may have different perspectives than the primary corporate data sources (e.g., Chinese environmental protection officials, the Australian Consul-Generals in

Shanghai and Senior Trade Commissioners in Beijing).

SCOPE AND LIMITATIONS

The context of the study is limited to CEM and CER in Shanghai. It relates to a particular point in time in which the study was conducted. It must be noted that due to the perceived sensitivity of both private individual opinions in China and the environmental management issues for some respondents, 'politically correct' responses may prevail either intentionally or unintentionally. Ontologically, "realities are apprehendable in the form of multiple, intangible mental constructions" (Guba and Lincoln, 1994, pp.109-110). Hence, when the epistemology on which the research stands is interpretive in nature, these limitations take on a different character.

CONCLUSION

Findings from this PhD demonstrate the tacit nature of CEM and CER lying beneath the regulative structure in Shanghai. On reflection, respondents' perceptual realities and emergent theoretical models provided 'frame breaking insights' when thinking about the nature of CEM/CER and the corresponding nature of the individuals who are expected to enact and/or comply with environmental regulations and rules. The language in the Western setting concerning CEM is almost always definitional, which tends to encourage greater CER transparency. Chinese language in contrast is suggestive, tactful, bordering on ambiguity (Trompenaars, 1993).

The 'emergent literature' directed by findings from this study presents opportunity for future research. It calls for a more comprehensive investigation of CEM and CER in China applying a thought-provoking set of theories with larger future research encompassing several business sectors in different Chinese regions that goes

beyond the economic and environmental aspects, which includes social sustainability. Notwithstanding the embryonic stage of CEM and CER in China, the 'greening' phenomenon here offers the rest of the world the opportunity to learn from their approach to dealing with these challenges (Rowe, 2006).

Furthermore, this study serves as a timely opportunity for organizations having (and those wishing to have) business dealings with the PRC to secure competitive strategies in bracing themselves for future increase in CEM leading to greater CER. Similarly, as an emerging economic powerhouse, companies in China too are compelled to gravitate towards world class institutional norm for CEM and greater accountability through CER.

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ENVIRONMENT EXTRA !

ENVIRONMENTAL INVISIBILITY— MAJOR INITIATIVES TO SUPPORT THE DEVELOPMENT OF SMEs IN MALAYSIA

The National Small and Medium Enterprise Development Council convened its sixth meeting and endorsed a number of key initiatives to further support the development of small and medium enterprises (SMEs) in Malaysia.

Chaired by the Prime Minister, the Council comprises of Ministers and Heads of 18 key Ministries and Agencies involved in SME development. The Council sets strategies, formulates broad policies, and oversees coordination to enhance effectiveness of Government programmes for SME development.

National SME Development Blueprint 2007
The Council endorsed the National SME Development Blueprint 2007. The Blueprint provides the assessment of the implementation of key programmes to support SMEs in 2006, as well as identifies key programmes to be implemented in 2007. More than 287,000 SMEs assisted through implementation of 213 key programmes in 2006.

The Council was briefed on the implementation and achievements of Government programmes to support SMEs in 2006. A total of 213 key programmes were implemented in 2006, involving a total expenditure of RM7.8 billion. The main focus of the programmes was on enhancing the capacity and capability of SMEs, particularly in the areas of entrepreneurship development, marketing and promotion,

product development and technology enhancement.

The implementation of these programmes benefited more than 287,000 SMEs. Amongst the outcomes of these programmes are:

- About 128,000 SMEs, women entrepreneurs, graduates and students received entrepreneurship and technical training;
- About 34,000 SMEs received advisory services provided by various Government agencies;
- More than 5,100 SMEs were provided with industrial and business premises;
- About 780 SMEs benefited from business matching and expansion programmes such as the Industrial Linkage Programme and SMIDEX 2006; and
- Additionally, 272 SMEs received grants and financial assistance to improve and upgrade their technology and business processes through the Technology Acquisition Fund, Grant for Certification and Quality Management System, and Grant for Product and Process Improvement.

GREATER ACCESS TO FINANCING

In the first eleven months of 2006, a total of RM42.3 billion of financing was approved by the banking and development financial institutions to more than 95,000 SME accounts (Full year 2005: RM38.1 billion to about 90,000 SME accounts).

The banking institutions' outstanding SME loans amounted to RM103.1 billion at the

end of November 2006, accounting for 44.1% of total outstanding business loans (end-2005: RM96 billion; 42.6%).

In 2006, Bank Negara Malaysia undertook the following measures to enhance SMEs' access to financing:

- Increased the allocation for Fund for Small and Medium Industries 2 and the New Entrepreneur Fund 2 by RM2.5 billion;
- Established a RM1 billion Special Fund for Overseas Project Financing;
- Introduced new trade financing products at the EXIM Bank;
- Established a RM150 million venture capital fund for the agriculture sector.

These are complemented by financial advisory services to SMEs provided by Bank Negara Malaysia, SME Bank, EXIM Bank and the commercial banks.

The Council also approved the implementation of 190 key programmes for SME development in 2007, with RM3.7 billion committed. Programmes have been rationalised and are more focused in 2007.

Of the 190 key programmes, 134 programmes are aimed at building the capacity and capability of SMEs, 28 programmes will be implemented to enhance SMEs' access to financing, while 28 programmes are to strengthen the enabling infrastructure to further support the SMEs.

These programmes will cover all sectors, including SMEs in agriculture and agro-based industries, and those involved in knowledge-based industries. Efforts will also be directed to promote Bumiputera participation in the SME sector.

On strengthening the capacity and capability of SMEs, programmes will focus on:

- Entrepreneur and human capital development;
- Marketing and promotion; and

- Provision of advisory services to SMEs.

The implementation of the Vendor Development, New Franchise Scheme, Biotechnology Entrepreneur Development and ICT SME Development programmes are targeted to benefit 780 entrepreneurs. Various training programmes will be implemented, including in the areas of financial management and accounting; as well as to develop SMEs in the retail and agriculture industries.

To develop SMEs' marketing and promotion capability and expand their market network, initiatives will continue to be undertaken through market expansion programmes, developing SMEs' linkages with large corporations, government-linked companies and hypermarkets. In addition, a number of expositions such as SMIDEX 2007 and SME Convention; and Malaysia International Halal Showcase, will be held to provide opportunities for SMEs to showcase their products and undertaken business matching.

In the area of financing, banking and development financial institutions are expected to approve a total of RM51 billion loans to about 110,000 SME accounts in 2007. This will be complemented by a target to approve 37,000 loans under the various Government schemes. Forty new companies in the ICT sector are expected to be financed under the ICT Fund, while the Biotechnology Commercialisation Grant aims to establish 35 projects.

In addition, a number of key initiatives will be implemented to further increase the avenues for SMEs to obtain financing, including the introduction of Shariah-based financing facilities for Bank Negara Malaysia's Special Funds and New Trade Financing Products, as well as strengthening the roles of the factoring and leasing companies.

To provide infrastructure to support SMEs' growth, business premises, factories and workshops will be provided for SMEs in rural areas. The Government also aims to develop 80 mini post offices to be managed by entrepreneurs under the Rural Mini Post Office Entrepreneurs Development Programme. In addition, product packaging, distribution and marketing centres will be established to ensure efficient and effective distribution of agriculture and agro-based products of SMEs.

The adoption of the SME Blueprint Management Framework by the Council in 2005 has strengthened the strategic focus, monitoring of progress and assessment of the programmes for SMEs. This has resulted in improved delivery and effectiveness of Government programmes for maximum benefits to the SMEs.

The Council also endorsed the setting up of macro performance targets to be achieved in promoting the development of SMEs over a five year period until 2010. The performance targets include specific targets on increasing SMEs' contributions to gross domestic product, exports and employment.

STRONG COMMITMENT BY FINANCIAL INSTITUTIONS TO PROVIDE MICROFINANCE

The Council was briefed on the initiative to promote micro-financing. Several financial institutions have committed to provide individuals and micro enterprises with fast, flexible and convenient access to finance to support their businesses. One banking institution launched a new microfinance product in December 2006, while several other financial institutions will do so in the first Quarter of 2007.

Microfinance products offered by the financial institutions will have the following key features:

- Small loan size ranging from RM500 to RM50,000;

- Flexible loan tenure ranging from 1 month to 5 years;
- Fast loan approvals that range between 5 to 11 working days; and
- Incentives to encourage good repayment practices by borrowers.

To create awareness on microfinance, the Council agreed that a common microfinance logo will be developed. Financial institutions which offer microfinancing will display this logo at their branches so that the public will know which financial institutions offer microfinancing. Recipients or borrowers of microfinancing will also be encouraged to display this logo at their business premises to indicate that they have successfully obtained financing from financial institutions to grow their business.

Cohesive Strategies to Increase Domestic SMEs' Entry into Global Market
The Council endorsed the strategies and marketing initiatives formulated by the SME Marketing Committee to further increase the penetration of domestic SMEs' products and services in the global market. Comprehensive programmes will be implemented in 2007 by various Ministries and Agencies to assist in capacity building, promotion, information management and provision of financial support to facilitate our SMEs to market their products and services overseas.

The capacity building strategy focus on promoting market awareness, enhancing export readiness and encouraging consolidated marketing efforts amongst SMEs. The promotion strategy is aimed at exhibiting SME products and services in targeted markets, intensifying marketing collaboration efforts and ICT-based marketing strategies, optimising inbound and outbound trade mission activities, and branding efforts. Under the information management strategy, the SMEinfo Portal (www.smeinfo.com.my) will be enhanced

and a dedicated SME database will be created to include features such as online business matching, and business and products directories. Financial support to SMEs across Ministries and Agencies will be further streamlined and customised to meet the marketing needs of SMEs.

STRONG RESPONSES TO PORTAL

The SMEinfo Portal www.smeinfo.com.my, launched in January 2006, provides comprehensive information required by SMEs, including details on Government programmes, financial products, training programmes, and tips on how to start and manage a business.

The portal also contains the SME Business Directory, a platform for SMEs to advertise and showcase their products. The Portal is accessible in Bahasa Malaysia, English and Mandarin.

The portal received strong responses from domestic SMEs and foreign businesses. The Portal recorded a monthly average hit of about 205,000, ranked number one in Google search for "SME info" keyword search and visited by foreign visitors from more than 70 countries. To date, 13,834 SMEs have registered in the SME Business Directory of the Portal.

In 2007, the plan is to introduce a number of value-added services in the Portal, such as the creation of an SME Bulletin Board to provide an avenue for public and private sector organisations to advertise SME related events and the SME Financial Product Directory, which will allow SMEs to search for suitable financial products for their businesses.

BUSINESS ADVISORY NETWORK

The Council approved the establishment of the SME-NET, a one-stop web-based directory in the SMEinfo Portal that contains the profiles and contact details of SME business advisers in the various Government

agencies, commercial banks and development financial institutions. Through the SME-Net, these SME business advisers will be connected and thus, aware of the various expertise available in other agencies and financial institutions, which can be utilised to offer comprehensive business advisory services to the SMEs. The SMEs will, therefore, benefit from high quality and better delivery of advisory services, in the following areas: marketing; technology and operations management; human resource; financing; business development; and product development.

POLICIES, INCENTIVES, PROGRAMMES AND FINANCIAL ASSISTANCE

Following the Council Meeting, YAB Prime Minister launched the Handbook on "Policies, Incentives, Programmes and Financial Assistance for SMEs." The Handbook contains comprehensive information on policies and strategies, incentives, support programmes and financial assistance schemes available for SMEs offered by the Government and private sector. The handbook is published by the Small and Medium Industries Development Corporation (SMIDEC).

Source: The Association of International Accountants (AIA) Accountancy E-News 19 January 2007.

LIGHTS OUT AUSTRALIA

Environment Minister in Australia, Malcolm Turnbull, said incandescent light bulbs would be phased out by 2010 in favour of the more fuel-efficient compact fluorescent bulbs.

He said replacing the traditional coiled filament bulbs invented by Thomas Edison in the 19th century would cut Australia's greenhouse gas emissions by 800,000 tonnes a year between 2008-2012 and by up to four million tonnes a year by 2015.

Source: Environment Minister, 20 February 2007
<http://www.malcolmturnbull.com.au/news>

SUSTAINABILITY AND THE ROLE OF PROFESSIONAL ACCOUNTANTS IN BUSINESS SUBJECT OF TWO NEW IFAC PAPERS

Attention to the social, environmental and economic effects on business performance is increasing from investors, governments, customers, and society in general. As a result, professional accountants in business (PAIBs) are among those who are being called on to take a more active role in sustainable development. To help PAIBs better understand how they can advance, measure and report on sustainable development, the Professional Accountants in Business (PAIB) Committee of the International Federation of Accountants (IFAC) has published two new information papers on the topic.

The first information paper, *Why Sustainability Counts for Professional Accountants in Business*, provides an overview of enterprise sustainability and sets out the business case for addressing the risks and opportunities of sustainable development at the enterprise level. It also discusses the ways in which professional accountants in business, especially those working for organizations with significant environmental or social impacts, will be involved with the measurement, recording and interpretation of sustainability-related information.

PROFESSIONAL ACCOUNTANTS IN BUSINESS — AT THE HEART OF SUSTAINABILITY?

The second paper provides first-hand commentary from eleven senior professionals working in various enterprises around the world on the role of PAIBs and the challenges they face in promoting and implementing sustainable development strategies. The comments are based on interviews conducted by Mr. Robert Bruce,

a leading accountancy journalist based in the United Kingdom. While recognizing that the role of PAIBs in sustainability will vary based on the organization employing them and the nature of their role, there was significant agreement that this was a field in which PAIBs should become more educated and more involved. These two IFAC papers represent one of the few international steps to promote the education process amongst accountants.

"Sustainability is an important topic that is moving up fast on the agendas of professional accountants in business," states Bill Connell, Chair of the PAIB Committee. "These information papers explain what is meant by sustainability, its importance to professional accountants in business, the roles they should play, and how they should operate within the management team." Mr. Connell added, "Professional accountancy bodies need to ensure that the topic is addressed in both the pre- and post-qualification of professional accountants." The two information papers can be downloaded free-of-charge from the IFAC online bookstore at <http://www.ifac.org/store> New York, 29 August 2006

UK ASB ISSUES FRED 'ACCOUNTING FOR HERITAGE ASSETS'

In late December 2006, the UK's Accounting Standards Board (ASB) issued a Financial Reporting Exposure Draft 40 (FRED 40) 'Accounting for Heritage Assets'. The object is to improve the quality of the financial reporting of heritage assets for entities such as museums holding collections of art, antiques and books, as well as entities that own and manage landscape or buildings for their environmental or historical qualities.

The proposals in FRED 40 require entities to report collections of heritage assets at valuation in their annual accounts wherever practical. Where it is not practicable to

obtain a valuation, the collection should not be reported in the balance sheet, although enhanced disclosures are required nonetheless.

While not applicable in Australia, the FRED will be interesting reading for those involved in this area of work. The topic of heritage assets is currently on the AASB's work program. Heritage assets will come under AASB 116 'Property, Plant and Equipment' when the AASB gives effect to its proposed withdrawal of its government accounting standards AAS 27, AAS 29 and AAS 31.

Source: Accounting and Auditing News Today (ANT) Issue No 03 - 25 January 2007. Comments on the FRED are invited by 20 April 2007. A copy of the Exposure Draft can be obtained at <http://www.frc.org.uk/asb/press/pub1215.html>.

CHINA PUSHES ENERGY-EFFICIENT BUILDINGS

As the world's largest construction market, China is home to half of the new buildings built around the globe each year, adding approximately 2 billion square meters of floor space annually. The nation spends up to 45 % of its total energy on manufacturing and transporting building materials, constructing homes and offices, and heating and cooling structures.

If the rate of construction continues - doubling the area of existing buildings by 2020 - it will be nearly impossible for China to provide enough energy to operate all of these structures properly, *Xinhua News* reports.

The Chinese government considers the adoption of energy-efficient technologies in buildings to be a promising path to ease the expanding energy crisis. The country's latest five-year plan (2006-10) calls for energy savings of 50 percent for new buildings nationwide and up to 65 percent for buildings in four large municipalities (Beijing, Shanghai, Tianjin, and Chongqing).

In early 2006, the government issued a design standard for energy conservation to encourage contractors to use energy-efficient materials and adopt energy-saving technologies for heating, cooling, ventilating, and lighting public buildings.

Yet developers' enthusiasm for "green" buildings has been dampened by the higher construction cost, which averages 100-150 yuan (US\$13-19) more per square metre than a standard building. Buyers, too, are typically more concerned about location, design, or neighborhood than environmental variables when selecting buildings.

But advocates of green building say the upfront costs are often outweighed by the savings that come with greater energy efficiency over the long term. While the buildings typically cost an extra 2-5 percent initially, the benefits over 20 years can be more than 10 times the original investment, according to the newly released Worldwatch Institute report *State of the World 2007: Our Urban Future*.

China's largest buildings currently cover nearly 43 billion square metres of floor space, yet only 4 percent of them have adopted energy-efficiency measures, primarily for heating. The total bill for retrofitting these structures is estimated to be at least 1.5 trillion yuan (US\$193 billion), according to Qiu Baoxing, vice minister of the Ministry of Construction.

But Qiu also notes that retrofitting buildings with energy-efficient technologies can save China at least 150 million tons of standard coal annually as well as some 600 billion yuan (US\$77 million) in costs, equivalent to the electricity generated by four Three Gorges Dam projects, according to the *People's Daily*.

The Chinese government began investigating green building as early as the 1980s, but this effort was impeded due to

under-developed technology and lack of funding. Today, both the technical and the financial situation have improved greatly, but many uncertainties remain. In particular, China's self-acclaimed "green building" movement continues to reflect shades of gray, as the label is frequently wrongly or over-used. Currently as many as 11 so-called green cities and 140 green buildings are under construction in China, but few of them meet international standards for low energy use, recycled water systems, and "intelligent" integrated design and materials.

The first building in China to receive the internationally recognized Leadership in Energy and Environmental Design (LEED) certification was the eight-story office of the Ministry of Science and Technology in Beijing, completed in 2004.

The structure uses 70 percent less energy and 60 percent less water by integrating such features as a highly efficient shell and windows, a roof garden stormwater system, and a combined cool thermal storage system.

As of early 2006, 9 other large projects had registered or been pre-certified for LEED. China is also seeking to develop its own national standard to support local green building practices, and hopes to stimulate investment in the industry by encouraging the development of a "green supply chain" of construction parts, materials, and knowledge.

Despite rising interest in green building, however, across much of China developers are increasingly abandoning traditional building practices for more energy-intensive Western styles. The nation has also become a popular destination for the world's top architects to nestle their fantastic but often highly energy-consumptive masterworks.

Shanghai Oriental Art Center, a signature post-modern work by Paul Andreau, has reportedly run short of money to pay its

tremendous electricity bill, a problem that might have been averted by integrating energy-efficient technologies into the building's early design.

Source: GreenBiz.com, 30 January 2007. Check their free newsletter at <http://www.greenbiz.com/enewsletter>

FORTHCOMING DATA BASE
WORLD'S LARGEST INVESTOR COALITION
REPRESENTING \$41 TRILLION SEEKS
FURTHER DISCLOSURE ON CLIMATE CHANGE
AND SHAREHOLDER VALUE FROM LARGEST
CORPORATIONS

Today a group of 284 institutional investors with assets of \$41 trillion under management is writing to 2,400 of the largest quoted companies in the world by market capitalisation, asking for disclosure of investment-relevant information concerning the risks and opportunities facing these companies due to climate change.

This is the fifth such request by investors participating in the Carbon Disclosure Project (CDP) cementing CDP as the global standardised mechanism by which companies report their greenhouse gas emissions to investors. CDP hosts the largest registry of corporate greenhouse gas data in the world at www.cdproject.net.

This request, on behalf of \$41 trillion assets under management represents more than one third of total global invested assets and is a marked increase from the \$4.5 trillion that participated in the first CDP request in 2002.

Commenting on the information request, Paul Dickinson, the Project Coordinator, said: "The increasing body of evidence confirming climate change is accelerating and is linked to human behaviour, makes it clearer than ever that investors and other stakeholders require standardised information regarding the business risks and opportunities presented to corporations by climate change. Given CDP is the largest

source of such information, with 960 corporations answering CDP questions last year, we are delighted to help the investment community once again secure updated information in a comparable format that adds value for them, via a single-request mechanism that is efficient for the corporations.”

Last year 72% of the FT500 answered the CDP information request and these responses along with reports analysing them can be downloaded free of charge at www.cdproject.net.

The request focuses upon the following issues that CDP has developed in conjunction with many signatory investors, recipient corporations and other experts:

- Regulatory risk/opportunity (limits on emissions)
- Physical risk/opportunity (changes in weather patterns impacting operations)
- Consumer sentiment risk/opportunity (reputation)
- Total company wide global greenhouse gas emissions
- Steps taken to manage and reduce emissions.

As in previous years the recipient corporations have been asked to respond within four months. The information received will be summarised in various regional and sector reports and distributed to participating institutional investors and responding corporations. These reports will be made publicly available at www.cdproject.net from September 2007.

All submitted data authorised for publication will also be available from the web site at this time. The request has been sent to the following companies:

- 500 of the largest companies globally (FT 500)
- 500 of the largest companies in the USA (S&P 500)

- 350 of the largest companies in the UK (FTSE 350)
- 250 of the largest electric utilities globally
- 200 of the largest companies in Germany
- 200 of the largest companies in Canada
- 150 of the largest companies in Japan
- 150 of the largest companies in Australia and New Zealand
- 125 of the largest companies in Scandinavia
- 120 of the largest companies in France
- 100 of the largest companies in the transport sector globally
- 100 of the largest companies in India
- 80 of the largest companies in Asia ex-Japan
- 60 of the largest companies in Brazil
- 50 of the largest companies in Switzerland
- 40 of the largest companies in South Africa
- 40 of the largest companies in Italy (S&P/MIB).

This initiative has been coordinated by the Carbon Disclosure Project, a special project of Rockefeller Philanthropy Advisors in New York.

Source: Paul Dickinson, Project Coordinator, Carbon Disclosure Project. Email: info@cdproject.net
Web: <http://www.cdproject.net>

ACCOUNTING SUSTAINABILITY WEBSITE

The Prince of Wales in Britain has established an Accounting for Sustainability Project to develop systems to help organisations to measure more effectively the environmental and social costs of their actions.

Stage one of the project has been a review of the current state of play in the measurement and reporting of organisational sustainability in the UK and internationally.

The research to date has identified a number of trends. There is clearly a growing awareness of the need to preserve the environment, and considerable strategic commitment in both the public and private sectors to adopting the principles of sustainability. There are however relatively few practical mechanisms for managers to use to translate strategic sustainability vision into operational reality.

Green Star Certified Rating

Stars	Score	Signifies
4	45-59	Best Practice
5	60-74	Australian Excellence
6	75-100	World Leadership

The Prince's Accounting for Sustainability Project will develop a range of measures to help organisations embed sustainability into their decision-making processes and report their performance in this respect more clearly and consistently.

Over the course of the next year the project team will work with a variety of organisations to ensure that the approach developed is effective and adds genuine value to business processes.

Source: The Prince's Accounting for Sustainability Project
<http://www.accountingforsustainability.org.uk/output/Page1.asp>

CPA AUSTRALIA BACKING FOR 'IF NOT, WHY NOT' REPORTING FRAMEWORK

CPA Australia has strongly encouraged the ASX Corporate Governance Council (ASX CGC) to actively help companies report on risks relating to sustainability/corporate responsibility.

In its submission to the ASX CGC on 9 February 2007, CPA Australia strongly supports the eight core principles proposed in the new corporate governance rules.

CPA Australia has strong concerns that if the proposed rules dealing with sustainability/corporate responsibility risk

reporting are excluded, a void will be created that will result in placing Australia further behind international trends and best practice.

CPA Australia Senior Policy Adviser, Mark Shying, said these outcomes are clearly in the public interest, and will enhance information for shareholders and other company stakeholders.

'CPA Australia considers that the public interest is best served when a company communicates the potential impact of identified material business risks and how they are being managed – be they material financial reporting or non-financial risks,' said Dr Shying.

'For this reason we strongly favour the proposed rules that embrace sustainability/corporate responsibility risk reporting, which includes the 'if not, why not?' reporting framework of forcing companies to explain why they did not assess and report on the risks facing business.

'We believe this framework delivers the necessary flexibility and accountability reflecting a wider perspective of what is embodied by good corporate governance.'

Corporate responsibility is critically important for Australia's mainstream business community according to the Parliamentary Joint Committee on Corporations and Financial Services 'Corporate responsibility: managing risk and creating value', June 2006.

Over the past decade it has become a practical mechanism to assess and manage non-financial risks and maximise long-term financial value. Corporate social responsibility (CSR), corporate responsibility (CR), sustainability, and 'non-financial risk management' tend to be used interchangeably.

For more information on the CPA Australia submission to the ASX Corporate Governance Council's 'Principles of good corporate governance and good practice recommendations' download from http://www.cpaustralia.com.au/cps/rde/xchg/SID3F57FEDF94CC8515/cpa/hs.xsl/14131_21411_ENA_HTML.htm or call 1300 857 705

GREEN STAR—ENVIRONMENTAL RATING SYSTEM FOR BUILDINGS IN AUSTRALIA

Green Star aims to assist the building industry in its transition to sustainable development.

The Green Star environmental rating system for buildings was created for the property industry in order to:

- Establish a common language;
- Set a standard of measurement for green buildings;
- Promote integrated, whole-building design;
- Recognise environmental leadership;
- Identify building life-cycle impacts; and
- Raise awareness of green building benefits.

It recognizes and rewards environmental leadership in the top 25% of the market through a rating system. Currently, there is a suite of Green Star rating tools for commercial office design and construction. By the end of 2006, PILOT Green Star tools for shopping centres and healthcare facilities were launched. 2007/2008 see the launch of PILOT tools for education facilities, mixed use/residential component, industrial, and public buildings.

Projects are evaluated against eight environmental impact categories, plus innovation. Within each category, points are awarded for initiatives that demonstrate that a project has met the overall objectives of Green Star and the specific criteria of the relevant rating tool credits. Points are then

weighted and an overall score is calculated, determining the project's Green Star Certified Rating:

For further information about this Green Star rating system and its calculation see the Green Building Council of Australia's web site at:

<http://www.gbcaus.org/gbc.asp?sectionid=88&docid=952>

NPI REPORTING UNLIKELY FOR GREENHOUSE

NSW looks unlikely to support reporting of annual greenhouse gas emissions through the National Pollutant Inventory (NPI), with Environment Minister Bob Debus and Opposition spokesman Michael Richardson both playing down the prospect. Landfill could be included in an emissions trading scheme though.

In a wide-ranging election debate at the Green Capital breakfast hosted by the Total Environment Centre (TEC) in Sydney, neither was keen to expand the NPI, despite successful trials run through EPA Victoria and discussions at COAG. Richardson in particular was dismissive.

"The National Pollutant Inventory tends to list types of materials like acetone and volatile organic compounds and cadmium. Carbon dioxide is a naturally occurring part of the atmosphere, so it is a bit bizarre to include it in the NPI. You might as well list oxygen in that case," he said.

Debus, who retires at the upcoming election as the state's longest serving environment minister, said the government had been pushing Canberra to establish a more robust reporting mechanism. But he stopped short of backing the expansion of the NPI to greenhouse gases.

"Using the NPI is a pretty poor substitute for a capped emissions reduction scheme," he said. Environment Business Australia head Fiona Wain said both MPs had "fluffed it", leaving COAG to conjure up a separate

scheme that would simply add confusion and cost.

The audience response and panel discussion that followed the politicians were mixed. TEC director Jeff Angel was underwhelmed by the morning's election commitments and called for a more fundamental reform of government structures to embed environmental considerations into all decisions.

Paul Gilding from Ecos Corporation was struck by the shift in debate since the 1990s when he was head of Greenpeace Australia. The key to further progress is the use of price signals – such as a carbon tax or trading - to focus business and innovation where it will achieve the most sustainable outcomes.

The firmest commitments of the day came from the Opposition. Richardson announced a Liberal Government would reform the state's Greenhouse Gas Abatement Scheme to only include new renewable energy generation and preference NSW schemes. It would also inject \$80 million into the state's recycling infrastructure over the next four years and expect to leverage four times the sum from the waste industry. He claimed Labor had neglected the sector.

"Despite increasing the waste levy by \$30 a tonne over five years, the government will spend less on recycling and resource recovery this year than the \$40 million promised in 2000," Richardson said. The initiative was welcomed by the Waste Management Association of Australia (NSW), with branch president Mike Ritchie calling for a similar commitment from Labor.

"Whilst the waste levy will progressively improve the economics of recycling over the next five years, the injection of \$20 million will provide an essential short-term boost for infrastructure development," he said.

Ritchie was also pleased with the in principle endorsement by Debus, when asked, that resource recovery and recycling could be included in a carbon trading scheme.

He said the waste industry could reduce Australia's carbon emissions by 7-9%, or around 35 million tonnes, by doing three things: capturing the embodied energy of recycled materials; capturing gas from landfills; and reducing the amount of biodegradable material sent to landfills.

Source: Richard Collins, Monday, 5 March 2007, Environmental Management News

<http://www.environmentalmanagementnews.net/StoryView.asp?StoryID=95121>

FORTHCOMING ISO 26000

ISO, the International Organization for Standardization, has decided to launch the development of an International Standard providing guidelines for social responsibility (SR).

The guidance standard will be published in 2008 as ISO 26000 and be voluntary to use. It will not include requirements and will thus not be a certification standard.

There is a range of many different opinions as to the right approach ranging from strict legislation at one end to complete freedom at the other. We are looking for a golden middle way that promotes respect and responsibility based on known reference documents without stifling creativity and development.

Our work will aim to encourage voluntary commitment to social responsibility and will lead to common guidance on concepts, definitions and methods of evaluation.

The need for organizations in both public and private sectors to behave in a socially responsible way is becoming a generalized requirement of society. It is shared by the stakeholder groups that are participating in the WG SR to develop ISO 26000: industry,

government, labour, consumers, nongovernmental organizations and others, in addition to geographical and gender-based balance.

ISO has chosen SIS, Swedish Standards Institute and ABNT, Brazilian Association of Technical Standards to provide the joint leadership of the ISO Working Group on Social Responsibility (WG SR). The WG SR has been given the task of drafting an International Standard for social responsibility that will be published in 2008 as ISO 26000.

We invite you to learn more about SR.

Source: ISO Standards Development at <http://isotc.iso.org> (accessed on 9.March 2007)

MEASURING PERFORMANCE WHEN OUTSOURCERS OUTSOURCE?

In their publication 'Asian outsourcing: the next wave' (January 2007) KPMG in cooperation with the Economist Intelligence Unit interviewed 305 senior executives from companies in Asia Pacific about their outsourcing practices. Not surprisingly outsourcing of information technology, financial and accounting functions are the most common.

The survey reveals that the most popular outsourcing destination for many companies in Asia is India (55 percent). China is the second most popular (36 percent) with Singapore third (20 percent), followed by Hong Kong (16 percent).The

Philippines (7 percent) traditionally regarded as a lower cost alternative to India languished in the statistics.

What is particularly interesting and deserving of further research is that it is not just companies in developed countries in Asia looking for cheap labour and reduced operating costs that drive the outsourcing statistics. The outsourcers themselves outsource. For example 55 percent of Indian companies responding currently outsource, with a further 33 percent saying they plan to in the next three years, not necessarily for cost savings but to allow focus on core competence is.

For those seeking the holy grail of greater public accountability by outsourcers it will be disappointing to note that only 34% of respondents believe in actively measuring a provider's performance on a regular basis. This implies that the preferred approach is to let the provider alone to do its thing rather than micromanage the relationship. Clearly specified objectives, commitment and management to management trust seem to be the order of the day in the vast majority of relationships – untrammelled by the pressures for publicity, securing external reputation and legitimacy.

Source: Comments from the editor (RLB) based on KPMG International 'Asian outsourcing: the next wave' January 2007

http://www.kpmg.com.sg/publications/Advisory_Asi anOutsourcing.pdf [accessed on 10 March 2007]
