

**ASSESSING THE RELATIONSHIP BETWEEN CORPORATE
ENVIRONMENTAL REPORTING AND THE EMBEDDING OF
CORPORATE SOCIAL RESPONSIBILITY IN ORGANISATIONS**

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Philosophy (PhD)

University of Technology Sydney

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ABSTRACT

The present thesis aims to examine how Corporate Environmental Reporting (CER) could facilitate the embedding of change for Corporate Social Responsibility (CSR) within organisations. The research is based on case studies of two for-profit Multi-National Enterprises (MNEs) in Information Communication Telecommunications (ICT), an industry sector with limited previous research into CSR and virtually none on CER. The empirical research involved interviews with employees and reviews of company CSR information. Underlying the research is a literature review of the key concepts used to study CSR and on how CER has been shown in previous studies to be effective in embedding change for CSR. Based on constructs utilised in previous studies, a multi-level framework across the organisational field, organisation, and internal company levels was used to structure the analysis of the data.

The analysis of the results shows how CER can be effective in creating change for CSR. A two-way relationship is suggested, which varies from the relationships proposed in the literature to date. The need to develop a CSR approach, and to publish this in the CER, was seen to be based on the organisations' perception of external pressures for CSR, despite the unexpected absence of stakeholder feedback. Once developed, this CSR approach then influenced organisational change for CSR and how CER could facilitate that change.

The use of the multi-level framework assisted in the elucidation of the role of CER in embedding change at each level studied. At the organisational level, CER can create pressure on leaders by creating transparency of company CSR and associated performance targets, which leads to increased commitment to CSR objectives. CER was observed to support the companies' specific approach to CSR, as well as supporting the performance monitoring and governance processes. Internally to the organisations, the implementation of the CER required processes that synergistically assisted change for CSR. Also at this level, key contributions to research were made by applying two concepts utilised for CSR although not widely used for CER. Firstly, as a discourse on CSR, CER acted as an input to the sensemaking process in favour of CSR. Secondly, the concept of agency was an emerging theme in the research. Here, CER was shown to be a tool agents can use to assist in change for CSR. The key element of the CER discourse that facilitated both these effects was the inclusion of endorsed management policy, targets and rhetoric on CSR, which was seen to counterbalance company messages based on the conventional financial paradigm of profit.

CHAPTER 1 – INTRODUCTION

This thesis studies the potential effectiveness of Corporate Environmental Reporting (CER) to facilitate the embedding of change for Corporate Social Responsibility (CSR), focussing on the improvement of environmental performance. The study examines the mechanisms through which CER may lead to the improvement in corporate environmental performance. In studying this subject, it is acknowledged in the present thesis that the concept of CSR is still regarded as evolving (Engert, Rauter & Baumgartner 2016), with many and diverse understandings of how these terms should be both defined and applied. This thesis, therefore, refers to CSR as being synonymous with Corporate Sustainability and inclusive of the environmental component, reflecting a recent trend in the literature (Frynas & Stephens 2015, Hahn, Pinske, Preuss and Frank 2014; Lozano 2015) and the acknowledgement that these concepts have converged (Bansal & Song 2016). These concepts are addressed for the present research in Chapter 2.

Two Information Communication and Technology (ICT) organisations were selected for this study. The selection was made on the basis that there has been limited research in the extant literature on CSR and CER in the ICT sector; therefore, the research for the present thesis will address this gap in the literature. Based on the guidance of the Sustainability Team Leads of the organisations studied, the empirical research in this thesis focusses on the environmental aspects of the study organisations' CSR activity and reporting. The limited research to date on environment performance and reporting in ICT is perhaps surprising, as the industry has already been an early adopter of CSR, and 87% of the organisations in the sector, as defined by KPMG (2015), produce a CER (KPMG 2015).

The research question has been selected to reflect the widely acknowledged and growing significance of the effect of corporate behaviour on the environmental parameters that are thought to bring harm to the planet (Howard-Grenville et al. 2014). The uptake of CSR is significant to “sustaining the life-supporting ecological systems on which humanity and other species depend” to which climate change poses one of the most significant threats (Milne & Gray 2013, p.13). Evidence of climate change, although still debated, is seen by most researchers as already manifest (Howard-Grenville et al. 2014) and therefore a “global priority” (Robbins 2016, p.129). Global greenhouse gas (GHG) emissions from industry are at record levels and considered by the Intergovernmental Panel on Climate Change as a key driver of anthropogenic climate change (Intergovernmental Panel on Climate Change 2016). In Australia, industrial sector emissions account for 27.7% of the total (Frost and Sullivan 2013). The ICT sector, studied in this thesis, contributes 3% of GHG globally (Gartner Research 2016).

Many Multi National Enterprises (MNEs) now have a CSR program in place and produce a CER, to internationally accepted standards and audited by independent organisations (KPMG 2013). The

production of a CER is often assumed, by its proponents and in the literature, to encourage the improvement of corporate CSR performance (Hahn & Kühnen 2013; Lozano, Nummert & Ceulemans 2016; Milne & Gray 2013). However, although this is the promise of CER, authors also suggest that this link is not yet established, partly because it has been the subject of relatively limited research (Cho et al. 2015; Lozano, Nummert & Ceulemans 2016; Milne & Gray 2013; Wickert, Scherer & Spence 2016).

This thesis is underpinned by the concept of CSR (van der Heijden, Cramer & Driessen 2012). The present research examines how CER can facilitate the embedding of change for CSR using three further key concepts, organisational change (Dawson, 1994), sensemaking (Weick 1995) and agency theory (Sharma & Good 2013).

The research looks at the potential effect of CER in two MNEs in the Information Communications and Telecommunications (ICT) sector. The literature has shown that CER assists with change for CSR primarily through two mechanisms. Reporting and its associated processes can act as a catalyst for the implementation and management of CSR (Adams & McNicholas 2007; Stubbs & Higgins 2014), or it can have an effect on environmental performance directly through process change caused by its implementation and use (Lozano, Nummert & Ceulemans 2016; Stubbs & Higgins 2014).

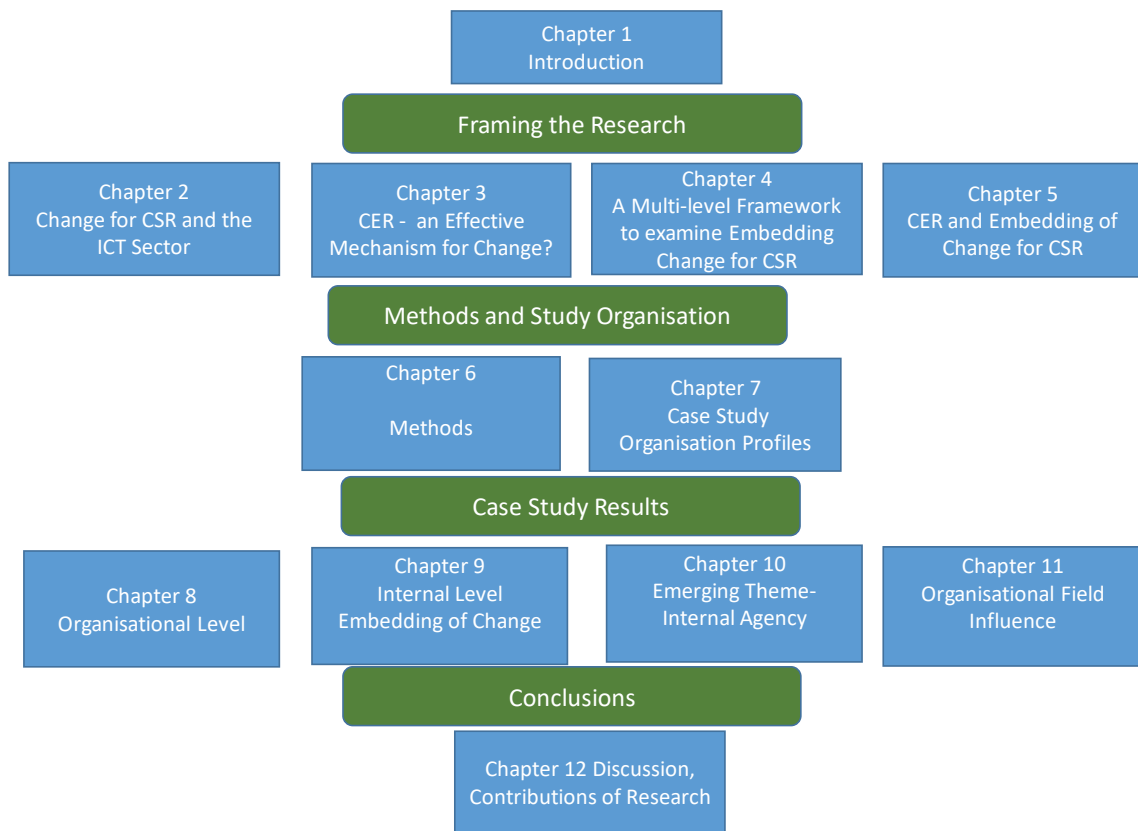
The empirical research in the thesis focusses on the environmental aspects of the study organisations' CSR activity and reporting. This focus was primarily based on the guidance of the Sustainability Team Leads of the organisations studied, who indicated the environmental initiatives for CSR in the study organisations were more developed than the social aspects, and therefore their clear preference was for the inclusion of the environmental elements alone. In addition, limiting the study to the environmental components improved the research focus by reducing the complexity and volume of data following the suggested approach in case study methodology (Eisenhardt & Graebner 2007).

As CER most commonly forms part of overall CSR reports and the associated implementation processes, the environmental components can be considered as analogous to the overall organisational approach to CSR and its reporting. This proposition is supported by reviews in the literature which suggest that the previous research into CSR reporting inclusive of CER is extensive (Aguinis & Glavas 2012; Montiel & Delgado-Ceballos 2014).

1.1 Outline of Thesis

The following diagram outlines the structure of this thesis and is provided as a guide to the reader to assist in understanding the flow and logic of the present research.

Figure 1.1 – Outline of Thesis



1.2 Context and Aim of Research

Climate change is accepted by many leaders across the globe as a significant threat to the eco-systems of the planet (Milne and Gray 2013, Robbins 2016). All participants in the Paris Summit on Climate Change signed the United Nations Framework Convention on Climate Change (Robbins 2016). Whilst change led by government and at the individual level is required, the impact of corporations is so significant that change in these organisations is essential for reduction in humanity’s impact on the environment (McKibben 2012, Howard-Grenville, Buckle et al. 2014). Corporate change for CSR is, therefore, the focus of this thesis.

Society’s focus on corporate commitment to sustainable operation has been growing steadily since the 1980s, partly as a response to the United Nations World Commission of Environmental and Development report (Mori Junior, Best et al. 2014). CSR is now becoming accepted by society, with leadership expected not just from governments but from the private sector, NGOs, and the United Nations (GlobeScan 2015).

Many large corporations now have significant global influence, both financially and politically, with some turning over revenue comparable to the economy of a small country (Statistica 2016). Corporations have long existed primarily for profit (Hahn, Pinkse et al. 2014); however, their CSR performance has been such that society is now looking for a more responsible corporate attitude, and is expecting them to change (Bebbington and Larrinaga 2014, Marano and Kostova 2016). This movement in societal expectations is congruent with the concept of CSR: that business has social and environmental obligations to fulfil alongside its economic and financial imperatives.

Reporting is intrinsic to the implementation of CSR, as it is the window for society and stakeholders into a company's CSR approach and performance (Seele and Lock 2015). The pressure for CSR from regulators and other stakeholders is reported to have prompted the need for greater transparency in organisational operations and the production of CER (Hahn and Kühnen 2013). An underlying assumption in much of the research, and on which the pressure for CER is often based, is that reporting reflects the implementation of CSR strategies, structures and procedures in core business processes across an organisation (Adams and McNicholas 2007, Banerjee 2008, Lozano, Nummert et al. 2016); in the words of Wickert, Scherer et al. (2016, p.27) that companies are "walking the talk". Hahn and Kühnen's (2013)'s review of the adoption, extent and quality of CSR thus reports the assumptions that:

- CER reflects actual performance; and
- CER will cause a change in corporate behaviour.

Corporate Social Responsibility Reporting, as defined by Lozano (2015, p.22), is to "integrate and to communicate the different initiatives and activities of the company that contribute to sustainability". The empirical research presented in this thesis focusses on the environmental component of this reporting, and examines how the implementation and ongoing production of CER may assist MNEs to implement change for CSR. The research seeks to determine whether CER can be effective in embedding change for CSR, or whether the reports are simply another form of material that the organisation produces, either to satisfy regulators or as a promotional vehicle for their stakeholders. This aspect of the relationship between CER and CSR has not been widely studied, and the link is far from established (Cho, Laine et al. 2015, Pérez-López, Moreno-Romero et al. 2015). It is this gap that this thesis primarily seeks to address, building on the limited research that has found clear evidence of CER fostering change (Adams and McNicholas 2007, Higgins, Milne et al. 2015, Lozano, Nummert et al. 2016).

The literature that provides evidence for the effectiveness of CER in facilitating change internally for CSR, in large corporations, is remarkably sparse (Stubbs and Higgins 2014, Lozano, Nummert et al.

2016). Studies that look at CER implementation processes within large corporations are limited, as most researchers have examined CER from an ‘outside in’ perspective, for example examining the drive for legitimacy (Higgins, Milne et al. 2015). Only “a few studies have explicitly examined the mechanisms employed in sustainability reporting” (Stubbs and Higgins 2014, p.1073). This thesis aims to add to the overall body of research by examining how CER might assist in the embedding of change for CSR within two large MNEs, so that change for CSR can become incorporated as an essential part of day-to-day business activity. Furthermore, the thesis adds to the literature in that the study organisations selected are in the ICT industry, where there is little research in the extant literature and none that looks at CER in ICT companies (Hahn and Kühnen 2013).

The CSR concept has developed over time and been subject to different interpretations and definitions (Matten and Moon 2005, Engert, Rauter et al. 2016), requiring researchers to provide clarity about the specific aspects of CSR in their studies.

The extant literature often considers CSR as synonymous with related concepts such as corporate sustainability and corporate citizenship (Matten and Moon 2008, Bansal and Song 2016), and inclusive of the impacts that are considered significant to society, that is, social welfare, environmental, ethical, human rights, and consumer concerns (Brundtland, Khalid et al. 1987, Anderson and Bateman 2000, Hahn, Preuss et al. 2014). Sustainability is a societal level concept which is considered to encompass four dimensions: Economic, Environmental, Social and Time. CSR focuses on the corporate application of these interrelated dimensions (Anderson and Bateman 2000, Hahn, Preuss et al. 2014). The literature utilises all the concepts: as Engert, Rauter and Baumgartner (2016, p. 2834) note in their review of the CSR strategy literature, there remains a “diverse understanding” of CSR, and a complex interaction between the components of social, environmental and economic concerns. Corporate environmental change is, in practice, most commonly contained within an overall CSR approach, and therefore is incorporated into a comprehensive CSR report.

Of significance to the present thesis is that the economic aspect is often excluded from the definitions utilised by researchers to enable examination of the interaction between the financial and other aspects. CSR reporting has been defined by the Global Reporting Initiative (GRI) as follows:

“A report published by a company or organization about the economic, environmental and social impacts caused by its everyday activities. A sustainability report also presents the organization's values and governance model, and demonstrates the link between its strategy and its commitment to a sustainable global economy”.

GRI (2016, website)

The empirical research of this thesis addresses on the environmental aspects of the study organisations' CSR activity and reporting, as it was this aspect of CSR on which the study organisations had primarily focussed. However, in the extant literature, few researchers examine the environmental components of CSR in isolation; therefore, in this thesis the review of the literature on the embedding of change for CSR was based on a working definition from Lozano (2015), as follows:

“Corporate activities that proactively seek to contribute to sustainability equilibria, including the economic, environmental, and social dimensions of today, as well as their inter-relations within and throughout the time dimension (i.e. the short-, long-, and longer-term), while addressing the company’s systems, i.e. operations and production, management and strategy, organisational system”.

Lozano (2015, p.33)

CER is an organisational communication mechanism for external audiences and staff (Hahn & Kühnen 2013; Seele & Lock 2015), which provides transparency for an organisation's CSR policy and performance (Wickert, Scherer & Spence 2016). This visibility, provided by reports, is often presumed to act as a driver for CSR (Adams & Frost 2008; Banerjee 2008; Fayers 1998), as organisations will wish to be seen to be acting responsibly by their various audiences, employees and stakeholders, as well as by other organisations who buy or recommend the purchase of their shares. However, the link between CSR and CER in companies has not been established:

“Although Sustainability Reporting is considered to be a key driver for organisational change in companies; research into the link between these two processes has been limited”

Lozano, Nummertc et al. (2016, p.1)

The extant literature focusses on external communication, drivers of CER, the use of reporting and disclosure standards, for example GRI, and the actual content of CER (Hahn & Kühnen 2013; Pérez-López, Moreno-Romero & Barkemeyer 2015; Searcy 2012). The “inside out” (Higgins, Milne & van Gramberg 2015, p.448) research in the literature, which has looked at the potential for CER to assist with change for CSR from within the organisation, through the examination of management, data collection and accounting process change, and interviews with staff, to date is limited in scope. In general it contains small numbers of interviews, and concentrates on large corporations (Higgins,

Milne & van Gramberg 2015) and tends to look at “the ‘how rather than the ‘why’ or ‘what’ ” (Stubbs and Higgins 2014, p.1070). A review of CSR performance measurement by Searcy (2012, p.244) supports this view, stating that a “limited number of existing studies provide some insight into the implementation and use of a [CER], research in this area is still in its embryonic stages”.

There has also been a long standing concern that CERs may not, in fact, represent the true organisational position on CSR, being instead a vehicle for company rhetoric (Milne & Gray 2013). Regulated or assured corporate reports are considered one of the few vehicles that provide relatively unbiased information on how an organisation is performing across an environmental and social spectrum (Mori Junior, Best & Cotter 2014; Ortas et al. 2015). The use of standards such as GRI, the independently administered standard most widely utilised by large organisations (KPMG 2013), and external audits of report veracity, are generally thought to increase the integrity of reporting (Bustami et al. 2013), as they improve information quality which is important to reputation building (Pérez 2015). Despite this, the quality of CER remains a concern as, without integrity, the report may not be representative of the overall company CSR performance (Faisal, Tower & Rusmin 2012). Historically, this has led to the development of a “credibility gap” between firms and their stakeholders (Knebel & Seele 2015, p.196).

The effectiveness of CER in assisting change for CSR also remains in doubt in MNEs, which are a major source of environmental harm. Researchers have observed that businesses are using “tools, frameworks and processes” that they are familiar with to implement CSR, including financial accounting systems to generate CER (Bondy, Moon & Matten 2012, p.295). The result has often been limited to incremental change in certain departments (Lozano, Nummert & Ceulemans 2016; Stubbs & Higgins 2014). This pattern has driven the recent development of Integrated Reporting (IR), which aims to broaden the effect of reporting by reducing its isolation from other corporate processes (Higgins, Stubbs and Love 2014).

This thesis uses case studies of two MNEs, which have become an increasing focus of study for CSR scholars, as they span international boundaries and so are subject to a range of social, economic and regulatory frameworks (Frynas & Stephens 2015). The present research is set in the fast-moving ICT sector, which is a rapid adopter of change (Martinuzzi et al. 2011). ICT companies have been some of the earliest implementers of CSR, developing their own concept of ‘Green IT’, which consists of services and products that aim to reduce the environmental footprint of ICT across business users (Ullah, Lia & Marjoribanks 2013). The ICT sector was selected because ICT organisations are innovators, aiming to influence their clients, and collectively have a significant polluting effect, producing 3% of global carbon emissions and significant e-waste (discarded electronic appliances such as mobile phones, computers and their components) (Gartner

Research 2016). The selection of ICT addresses a further gap in the literature, as the research into CSR in this sector is limited: primarily comprising the results of industry surveys on CSR reporting; and there are no publications available in the literature on CER within ICT organisations.

1.3 Research Approach

The focus of this thesis is on the mechanisms by which CER could facilitate the embedding of organisational change for CSR, to improve environmental performance. In practice, CER is most commonly contained in an overall CSR reporting framework, which includes environmental performance, and as part of a company's CSR program. This was the case for the two study organisations in this thesis, as both these companies' CSR activity was dominated by pro-environmental work, with social activity largely consisting of project-style social programs, donations, and employee welfare. Initial discussions with the Sustainability Team Leads in both organisations indicated that the research would benefit from a focus on the environmental aspects of CSR, as these were more strongly pursued in the study organisations. This focus also provided clarity for interviewees on the areas in which CER could be of assistance in improving CSR performance, and allowed the use of the New Environmental Paradigm survey (Dunlap & Van Liere 2008) to assess employee attitudes.

The research for this thesis initially focussed on the extant literature for CER. Reporting is primarily a communication mechanism, which contains the company discourse and rhetoric on CSR. The initial research review clarified that CER provides communication to both external and internal audiences (Gibassier & Schaltegger 2015; Seele & Lock 2015), and can act as a conduit of information between the two audiences (Pérez-López, Moreno-Romero & Barkemeyer 2015). How CER has been shown to facilitate the embedding of change for CSR, either by introducing change as part of the report implementation or as a catalyst for CSR, was then examined (Adams & Frost 2008; Adams & McNicholas 2007).

The literature on CSR was reviewed for the theoretical concepts that have been utilised by researchers to study change for CSR, and so provide an understanding of the potential mechanisms by which CER is able to embed change for CSR. The initial review created an understanding of the levels at which change for CSR can occur. The external and internal levels observed for CER were apparent in the research on CSR. The research included key studies that proposed that CSR, in fact, operates across three levels, the macro, meso and micro levels (Lozano 2015; Schultz & Wehmeier 2010), defined as follows:

- Macro – the organisational field level, which encompasses the operating environment of the organisation, and is a source of external drivers for CSR;
- Meso – the organisation level, connecting the external and internal pressures for CSR, where the organisation is studied as an entity;
- Micro – the internal operation of the organisations, including actions of individuals.

It was, therefore, induced that the effects of CER on embedding change for CSR could be more easily studied based on the level at which the research was undertaken. At each level, the research in the extant literature was thus examined to determine:

- the leading concepts that explain the uptake of CSR and CER as well as the embedding of change for CSR;
- the mechanisms by which CER has been observed to assist change for CSR by acting as a catalyst;
- any direct effect of CER to encourage improvement in environmental performance.

This three-level construct was used to develop a multi-level framework for this thesis, to examine the theoretical concepts of change for CSR and how CER can be effective in assisting this change. This approach adds new perspectives to the study of CSR and CER, as it was determined from the literature that, to date, there has been limited research using a systemic model approach that looks at the interaction between external and internal processes (Benn, Edwards and Angus-Leppan 2013).

The investigative element of the study consists of case studies within two large organisations in the ICT industry in Australia between 2011 and 2012. The research examines, primarily through interviews: the study companies' and employees' understanding and use of CER; the perceived CSR drivers for the company; and the change processes being utilised to put environmental initiatives in place, including the CER.

The qualitative assessment of interviews was carried out primarily through content analysis, and results were analysed using Nvivo. The company CER and other information on corporate CSR were analysed to provide additional context for the interviews and understanding of the results.

An initial analysis of the results determined that interviewees acknowledged that individuals were having a significant effect on CSR and the implementation of CER within the two study organisations, both as change agents and institutional entrepreneurs. An abductive process of research, moving back and forth between empirical results on agency and theory (Iivonen and Moisander 2015), was then undertaken, which examined the role of agency from the literature, and then added this concept to the framework model so that it formed part of the results analysis.

1.4 Concepts underpinning the Research

Using the multi-level framework to structure the review, the present research examined the organisation level concepts for CSR focussing on company CSR approach or strategy, and how CER can help facilitate the uptake of CSR at this level. An organisation's approach to CSR is considered in this thesis to provide a link between the external drivers and the internal implementation of CSR. Leaders and managers are responsible for understanding the external drivers, and for using them to create an internal approach for CSR, which includes policy and implementation plans and is usually part of an overall CSR strategy (Engert, Rauter & Baumgartner 2016). CER, through its role as a boundary document (Benn, Edwards & Angus-Leppan 2013) between the organisational field and the organisation, facilitates this process, effectively acting as a conduit.

CER is generally accepted as providing 'transparency' on an organisation's CSR, addressing the need to appear to respond to the external drivers (Ioannou & Serafeim 2012; Wickert, Scherer & Spence 2016). However, the question remains open as to whether CER is simply the result of imperatives (either voluntary or regulated) to report, or whether it acts as a catalyst for wider change towards CSR (Adams & McNicholas 2007; Dopplet 2003; Milne & Gray 2013). The transparency created by CER may encourage organisations to produce a credible strategy backed up by real performance to establish its legitimacy. This is one of the questions that this thesis seeks to explore further.

At the organisation level, CER can also assist managers in developing their approach to CSR, by providing a structure based on the requirements for reporting, such as those in international standards, for example GRI. Furthermore, CER can facilitate the governance of CSR, through monitoring of performance (Searcy 2012) and the process required for sign off on a report so that it is compliant with international standards.

At the internal or micro level, the present research examines the concepts utilised in the literature to explain the embedding of change for CSR and how CER could facilitate change for CSR. This question was explored based on an understanding of the established change approaches to organisational change for CSR (Aguilera et al. 2007; Aguinis & Glavas 2012; Filatotchev & Nakajima 2014), and on the mechanisms through which CER has been shown to assist in that change.

CSR is often initiated through Planned change from Senior Management (Ditlev-Simonsen & Midttun 2011; Lozano, Nummert & Ceulemans 2016), based on a coherent CSR approach or strategy (Engert, Rauter & Baumgartner 2016). However, this is considered by scholars to be only the start of a change journey (Milne, Kearins & Walton 2006), as to embed CSR over time needs emergent and ongoing change as individuals interpret the CSR messages in the micro-processes of day-to-day

action (Tsoukas & Chia 2002). Most scholars now agree that, to fully embed CSR, the change needs to be transformational (Benn, Dunphy & Griffiths 2014; Lindgreen & Swaen 2010).

CER has been shown in the literature to have the potential to assist change for CSR, either directly, as seen most recently with the introduction of IR (Stubbs & Higgins 2014), or as a catalyst for CSR (Adams & Frost 2008; Adams & McNicholas 2007). The implementation of CER requires the creation of processes, for example developing company statements and monitoring performance. The literature also proposes that CER implementation and use introduces change in culture into the organisation directly (Lozano 2012), through the introduction of process change.

CER, as a management communication mechanism (Nelissen & van Selm 2008), has been shown to facilitate its action as a catalyst for CSR in part through increased participation (Pérez-López, Moreno-Romero & Barkemeyer 2015). A prominent theory for the implementation of CSR is the concept of sensemaking, a process that relies on communication (Weick 1995). This is significant for CER, as it is primarily a communication vehicle for CSR policy, actions and performance measures across companies. Narratives and stories such as those in the CER reflect local 'realities', and are therefore important for sensemaking (Zilber 2009).

The role of individuals as agents encouraging the embedding of CSR was an emerging theme in the research results. The concept of agency (Scott 2001) has been studied in CSR and shown to assist in the uptake of CSR in large organisations (Hesselbarth & Schaltegger 2014; Sharma & Good 2013). The present study uniquely looks at the role of CER as a tool for agents to encourage change for CSR. The early literature on agency portrayed individuals as unable to create change due to being part of the current institutional paradigm, which was termed the "paradox of embedded agency" (Seo & Creed 2002, p.223). However, CSR has more recently been recognised by researchers as being influenced by the activities of two types of agency action: that undertaken by change agents and institutional entrepreneurs (Ruebottom 2013; van der Heijden, Cramer & Driessen 2012), and institutional work carried out primarily by middle management (Lawrence & Suddaby 2006; Sharma & Good 2013).

Finally, this study sought to understand from the extant literature the influence of external drivers for CSR (Schultz & Wehmeier 2010) and CER (Hahn & Kühnen 2013), to clarify the external pressures on the two study organisations. At the organisational field level, the study explored the literature on the drivers for CSR, classified based on the external forces of neo-institutionalisation proposed by DiMaggio and Powell (1983), which have been widely used in the literature in this context.

1.5 Research Objectives

The present research examines how CER could facilitate the processes of embedding of organisational change for CSR. The study aims are to:

- build on the extant literature to further elucidate the relationship between CSR and CER and the role CER may play in facilitating the embedding of change for CSR;
- examine the mechanisms by which CER can assist to embed change for CSR;
- present new research data and develop theoretical explanations for the effect of CER on the embedding of CSR within MNEs in the ICT sector, which have not been previously reported.

This research is supported by series of secondary research questions that are derived from the literature and that aim to elucidate the multi-level nature of the embedding process for CSR and CER, as follows:

- Organisational Field Level (Macro)

The research seeks, first, to understand drivers that encourage an organisation to publish a CER and how this encourages the creation of an organisation's CSR approach, thus facilitating its internal adoption. Two specific questions are addressed:

- *Can the transparency associated with publishing a CER encourage the creation of an internal CSR approach to ensure legitimacy?*
- *Can it be established that external input and/or feedback to the study organisations on CSR results in modification of the CER or change for CSR?*

- Organisation Level (Meso)

At the organisation level, this thesis examines the role that CER can play in the development and implementation of CSR strategy and policy, utilising the following questions:

- *How does CER support the CSR approach of companies?*
- *Can CER, through the use of recognised standards, provide the structure of CSR approach and assist the governance and performance-monitoring process?*

- Internal Level (Micro)

The research at the internal level draws on key concepts from the initial literature review of process change and sensemaking, and is structured to review two questions:

- *Can CER create incremental change for CSR by increasing the awareness of CSR, and by introducing direct process change and collaboration to facilitate the embedding process?*
- *Is CER, as an input containing company information on CSR, a possible mechanism to weigh the sensemaking process in favour of change for CSR?*

The final question addresses the role agents, with agency being an emergent theme from examination of the results, as follows:

- *How can CER act as a tool to assist agents in undertaking change or institutional work for CSR?*

1.6 Contributions of Research

This research aims to address specific gaps in the literature to add new information on how CER can assist the embedding of change for CSR as well as on the implementation of CER in MNEs. Furthermore, by examining ICT companies, this thesis adds to the sectors in which CER has been investigated, and provides information on the uptake of CSR by this industry.

The use of a multi-level framework reflected the structuring of research in the literature (Hahn & Kühnen 2013; Schultz & Wehmeier 2010), and allowed examination of the embedding of change for CSR and how CER might assist at each of the levels. This approach added new perspectives to the research on CSR and CER, as to date there has been limited research using a systemic model approach that looks at the interaction between external and internal processes (Benn, Edwards & Angus-Leppan 2013).

At the organisational level, the transparency of company CSR created by CER, in this research, reflects the literature; however, additional aspects of this concept were apparent. The need to publish a ‘credible’ CER was a significant concern for the study organisations’ Senior Managers, strongly influenced by a previously under-reported driver, the competitive effect of benchmarking indices. Also, under-explored in the literature is the need to publish ‘credible’ CER performance, as a factor for Senior Managers when developing a company’s approach to CSR policy and implementation process. Once commitments to CSR are published in a CER, as ‘aspirational talk’ (Christensen, Morsing and Thyssen 2013), leaders of the study organisations appeared to be committed to meeting them. This then facilitated the embedding of CSR, as Senior Managers were influenced to drive their company to improve its CSR performance and so adhere to the published CER rhetoric.

Two key variations from previous research were found at the organisational level that indicate the ICT sector may vary from other industries. Firstly, the place of stakeholder feedback on the CER varies from studies in the literature (Adams & Whelan 2009; Lozano, Nummert & Ceulemans 2016), as reports in the study were based on the perceived needs of society and stakeholders with no formal engagement process. Secondly, the present research found GRI, as a CER standard, was utilised in a selective and largely retrospective manner; therefore, CER was not found to assist the CSR approach by providing a structure based on international standards. The 'flexibility' this created allowed the study companies to tailor their CER to support their CSR approach and image. This finding could be considered supportive of the arguments of critics of CER (Levy, Brown & de Jong 2010; Milne, Ball & Gray 2008).

Internally to the organisation, the study examines the mechanisms by which CER could facilitate the embedding of change for CSR, drawing on previous 'inside out' studies that have reported on the role of CER (Adams & Frost 2008; Higgins, Milne & van Gramberg 2015). One of the focuses of previous research into the role of CER in embedding of change for CSR is the processes of CER implementation, including data collection and performance monitoring. These processes have been shown by previous research to drive awareness and encourage the embedding of CSR (Adams & Frost 2008; Arjaliès & Mundy 2013). The present study included an element less frequently studied in previous research, 'reach' across the organisations: that is, the number of staff who were aware of or involved in the processes associated with the CER. Collaboration (Lozano, Nummert & Ceulemans 2016) and involvement of staff in various departments is considered key to the effect of CER on change for CSR; therefore, the broader the reach, the more successful CER can be in embedding change for CSR. Involvement of a few specialist staff and outsourcing CER data collection to third party suppliers is seen, in the research for this thesis, as limiting the effect of CER. This finding supports the current development of IR, which reaches across the departments of companies, including finance, and which should broaden the reach of CER influence (Adams 2015).

Two concepts not previously applied to CER, sensemaking (Weick 1995) and agency, were found to be useful in explaining the role of CER in facilitating the embedding of CSR internally into the study organisations. The application of these two concepts to the role of CER adds to the literature, as these have been previously utilised by scholars to clarify the uptake of CSR (Angus-Leppan, Metcalf & Benn 2010; Ruebottom 2013; Schultz & Wehmeier 2010; Sharma & Good 2013), however there is only limited application to CER.

Sensemaking was selected as part of the initial multi-level framework as it relies on communication, and CER is primarily a form of communication. The present research examines CER as an input to the sensemaking process, where the report acts as a discourse that communicates the management-

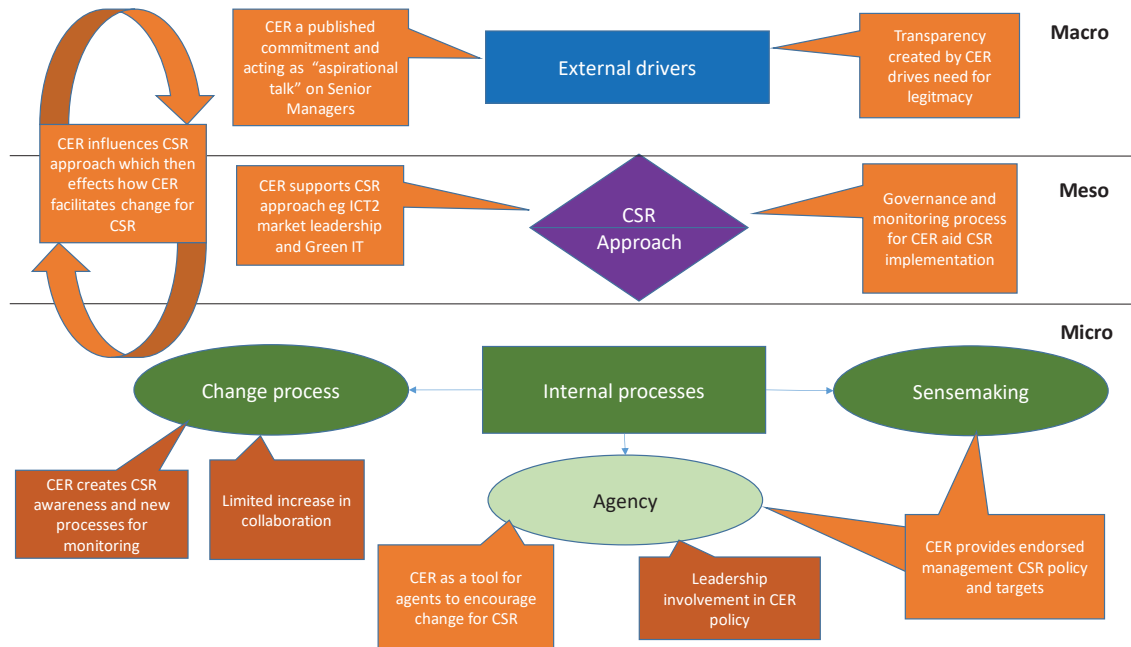
endorsed company rhetoric and policy on CSR. CER in the sensemaking process was found to increase employee understanding of the company CSR approach; and may reduce the likelihood of decoupling (disassociating conflicting concepts) CSR initiatives from profit, in turn encouraging change for CSR (Meyer & Rowan 1977; Schultz & Wehmeier 2010). The research indicated that CER can weigh the sensemaking process in favour of change for CSR.

The concept of agency became an emerging theme of the present empirical research, and was therefore added to the multi-level framework model through an abductive process. Agency was examined because the role of individuals, including both managers and staff, was cited in many interviews as significant to the successful implementation of CSR in the study organisations. There was evidence of a major role for CSR entrepreneurs within both companies, a factor that is increasingly reported in the literature on CSR (Bondy, Moon & Matten 2012; Ruebottom 2013). The role of CER as a tool for these agents had not been previously examined in the literature. This thesis therefore explores how CER is used by agents to assist their institutional work for CSR; to justify the agents own pro-active stance and as an ‘encouragement’ to others to adopt change for CSR by organisational entrepreneurs.

The research suggests a complex two-way relationship between change for CSR and CER, which pivots on the organisations CSR approach revealed. This varies from other studies that demonstrate one way or reciprocal relationships (Adams & Whelan 2009; Lozano, Nummert & Ceulemans 2016; Pérez-López, Moreno-Romero & Barkemeyer 2015; Stubbs & Higgins 2014). In the present study, a two-way relationship between CSR and CER is proposed, wherein the need to publish CER was based on perceived external pressures for CSR despite the unexpected absence of stakeholder feedback. Once developed, this CSR approach then influenced organisational change for CSR and how CER could facilitate that change.

The results and contributions of the results are presented using the multi-level framework a basis to organise and therefore help understand the ideas presented. The following diagram indicates how the multi-level framework aligns with the results and acts as a basis for the discussion of the contributions in the concluding chapter.

Figure 1.2 Alignment of multi-level framework and primary results



Overall, it is hoped that this thesis adds information to the understanding of how CER can facilitate the embedding of change for CSR; and therefore how, if put into practice, it may assist in a small way in the reduction of the environmental impact of large corporations.

CHAPTER 2 – CHANGE FOR CSR AND THE ICT SECTOR

This chapter forms part of the frame of the research as shown in Figure 1.1. Here, the research question is positioned in the social and environmental context in which the thesis is situated. CSR has been growing in importance to both governments and the general public which has led to an expectation that corporations will improve their environmental performance and provide transparency into their operations, including through CER. CSR is now widely accepted to be a required activity of companies. However, in Australia, in common with other countries, there remains uncertainty in the business and regulatory environment on how to incorporate CSR into the day to day in the business process. This chapter explores this uncertainty, as well as the potential contradiction between the aims of CSR, which are to be of benefit to society, and the associated costs to profit-oriented businesses. The following discussion in this chapter will look specifically at the status of and research on CER worldwide and in Australia.

This research focusses on the environmental aspects of CSR and CER within two study organisations. The extant literature, however, more commonly studies CSR as an overall concept, including the economic, social and environmental aspects; although some researchers exclude financial gain when studying a firm's sustainability. An understanding of these aspects, and a working definition of CSR for this thesis, will therefore be established in this chapter to provide clarity to the research.

The empirical research for this thesis was carried out in two MNEs in the ICT sector. ICT as an industry sector is, therefore, examined in this chapter, as a basis for reviewing change in CSR, and the potential effects of CER.

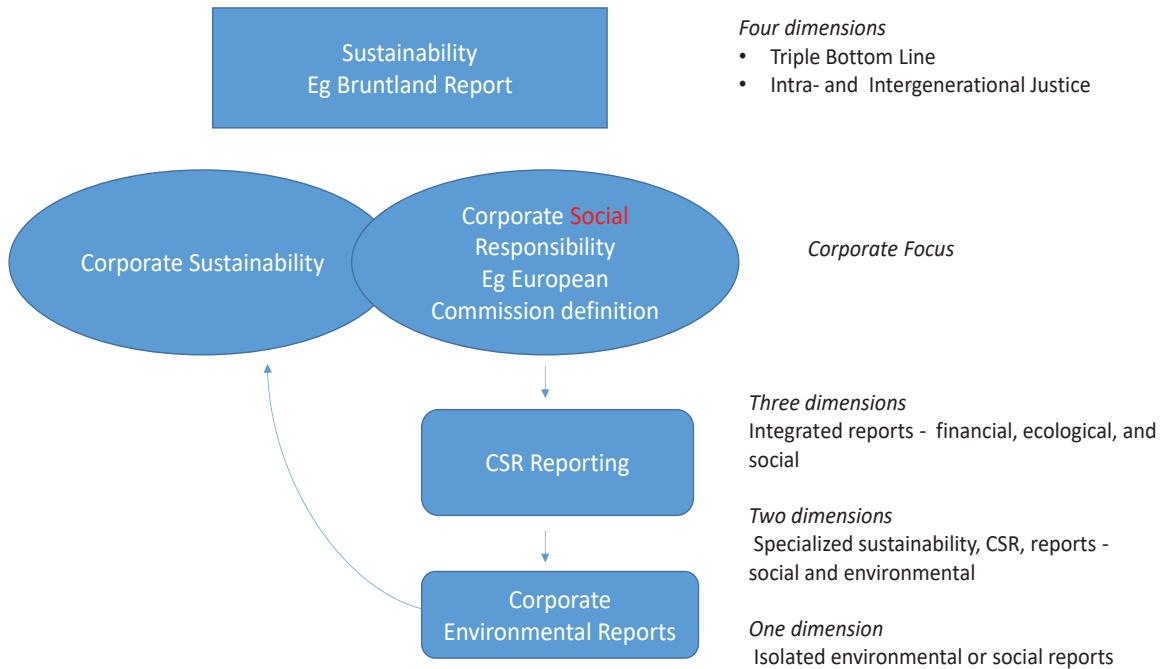
2.1 Developing the Concepts of CSR and CER

The concept of CSR has developed over recent decades, and has been subject to many different interpretations and definitions (Engert, Rauter & Baumgartner 2016; Matten & Moon 2008). The term CSR has been under discussion for some years; and as van Marrewijk (2003, p.96) comments, scholars believe that "it means something, but not always the same thing to everybody". The consequence of this is that researchers need to provide clarity about the specific aspects of CSR being examined in their respective studies.

The following diagram, Figure 2.1, which draws on the work of Hahn, Pinske, Preuss and Figge (2014), illustrates the dimensions that underpin the concept of CSR and CER. These include sustainability at the broad societal level and corporate sustainability and CSR which focus on the corporate level. The CSR dimension encompasses corporate reporting which can be three

dimensional, that is inclusive of financial information or two dimensional as specialised sustainability CSR reports inclusive of the environmental dimension.

Figure 2.1 – Dimensions of Sustainability



2.1.1 Sustainability

The broadest definition of sustainability is considered to comprise four dimensions: Economic, Environmental, Social and Time. These dimensions are interrelated, and can be included in the concepts of corporate sustainability, corporate social responsibility and corporate citizenship (Anderson & Bateman 2000; Hahn, Preuss, et al. 2014). To achieve comprehensive sustainable development, all four dimensions need to be included in an integrated approach that addresses the issues of “ecological destruction, social inequality and the neglect of future generations” (Siebenhüner & Arnold 2007, p.340).

The definition of Sustainable Development in the Brundtland Commission's report, which is quite widely accepted and often cited, aims to address these four dimensions (Bonn & Fisher 2011):

Sustainable development is development that meets the needs of the present without compromising the ability of future generations to meet their own needs".

Brundtland, Khalid et al. (1987, p.16)

Most scholars in the field agree that corporate sustainability requires companies to address the interconnected and interdependent dimensions, economic, environmental and social, and to review these over time (Hahn, Pinkse, et al. 2014).

2.1.2 Corporate Sustainability and CSR

More recently authors have referred to CSR as synonymous with related concepts such as corporate sustainability and corporate citizenship (Bansal & Song 2016; Matten & Moon 2008). Consequently, 'CSR' is often considered inclusive of social welfare, environmental issues, ethical concerns, human rights, and consumer concerns (Anderson & Bateman 2000; Brundtland et al. 1987; Hahn, Preuss, et al. 2014). It is employed as an umbrella term that encompasses the three dimensions, ecological, social and financial, reviewed over specific time periods such as seen in reporting on annual trends. Corporate sustainability and CSR are, therefore, considered in this thesis as representing the same concept. CSR as a term has been used to describe a variety of concepts and practices, all of which recognize that companies have a responsibility for their impact on society and the natural environment, beyond legal compliance and the liability of individuals (Frynas & Stephens 2015). CSR, as generally applied, accepts that the economic aspect of corporations, including profitability, is important, but expects that corporations also pursue the social and environmental dimensions (Hahn, Pinkse, et al. 2014). The concept of triple bottom line, with its economic, environmental and social dimensions (Milne & Gray 2013), was used in the early adoption of CSR by corporations, as it epitomizes this approach, requiring firms to address economic as well as environmental and social outcomes simultaneously (Elkington 1997).

The definition of CSR from the European Commission incorporates these three dimensions:

“The responsibility of enterprises for their impacts on society to integrate social, environmental, ethical, human rights and consumer concerns into their business operations and core strategy”
European-Commission (2011, p.6)

Some authors choose to rely on their own definitions of CSR, as these more closely reflect the specific aspect of CSR that they wish to study (Aguilera et al. 2007). However, most scholars agree that a company adopting CSR should make changes that include:

- the introduction of resource-efficient technologies;
- sustainability reporting schemes;
- sustainable products, services, and product-service combinations (Lozano 2015).

However, in many cases, CSR has been implemented under a ‘business case’ framework (Baumgartner 2013), which focusses on profitable CSR initiatives, potentially to the detriment of CSR activity that does not benefit the bottom line. In addition, many CSR initiatives are purely a cost to business with no economic benefit, which has led to some authors excluding the economic dimension from their definition of CSR, to allow the examination of a perceived conflict between financial imperatives and social responsibility (Caprar & Neville 2012; Scherer & Palazzo 2011).

The present thesis focusses on the environmental aspects of CSR, which, according to Bonn and Fisher (2011, p.5), include the “effective management of physical resources and addressing problems such as the depletion of non-renewable resources, the effect of industrialization on biodiversity and the production of pollution”.

The academic literature commonly studies CSR as a complete concept without separating pro-environmental behaviour from the other dimensions of CSR. The present thesis makes an underlying assumption that the term CSR, as applied in the extant literature, includes behaviours aimed at improving environmental performance and that can be considered an intrinsic part of CSR.

A further consideration in this research is that, as observed in the extant literature, the embedding of change for the environmental and social aspects of CSR in organisations can be in conflict with the economic goals of companies (Caprar & Neville 2012; Scherer & Palazzo 2011). Therefore, to explore this aspect of CER's effect on change for CSR, where required this thesis examines the economic dimension and environmental dimensions of CSR independently.

2.1.3 CSR Reporting and CER

An examination of CER in the literature reveals that there are numerous titles for reports that address corporate sustainability and CSR. Mori Junior, Best and Cotter (2014, p.2) noted titles such as 'sustainability reports', 'social reports', 'corporate social responsibility reports', 'social and community reports', and 'environmental reports'.

The definition of sustainability reporting for corporations that is used in the present study is from the Global Reporting Initiative (GRI), as follows:

"Sustainability reporting is the practice of measuring, disclosing, and being accountable to internal and external stakeholders for organisational performance towards the goal of sustainable development. A sustainability report should provide a balanced and reasonable representation of the sustainability performance of the reporting organisation, including both positive and negative contributions".

GRI (2011, p.3)

The focus of the present thesis is on how the environmental component of sustainability reporting, CER, can facilitate the embedding of organisational change for CSR, to improve environmental performance. The environmental reports of organisations are, in practice, most commonly contained in an overall CSR reporting framework, as was the case for the two study organisations in this thesis. The inclusive nature of the reporting means that CER can be taken to represent overall CSR reporting. Given that CSR and sustainability are considered to be interchangeable concepts, CER can be examined in this thesis to see how it might progress sustainability.

2.2 Overview: Studies of change for CSR

Research into CSR is widespread in the extant literature; however, in a review of 181 papers by Aguinis and Glavas (2012, p.933), they note that scholars study CSR “through different disciplinary and conceptual lenses”. Their review found that the focus of much of the research was the external forces driving CSR. The authors also note that CSR is more commonly studied at the macro level, with only 4% studying CSR at the micro/individual level (Aguinis & Glavas 2012, p.953).

The theoretical base of CSR studies has been broad, and many emphasise the legitimisation and efficiency effects of CSR (Ntim & Soobaroyen 2013). Internal CSR studies have focussed on agency theory, and have examined the internal processes of change for CSR (Frynas & Stephens 2015). A broad review of 170 papers on corporate sustainability by Montiel and Delgado-Ceballos (2014, p.124) found the following theories in use:

- 18% applied stakeholder theory;
- 17% institutional theory;
- 10% ‘resource-based view’ theory of the firm;
- 5% introduced new theoretical frameworks;
- 42% other (including strategic planning).

More recently, the literature has reflected some doubt as to the role global business can, or is willing, to play in sustainability (Bebbington & Larrinaga 2014; Cho et al. 2015). Many scholars note that the conventional ‘business case of CSR’ continues to be inconclusive in terms of organisational benefits such as financial gain or risk reduction (Delmas & Blass 2010; Wickert, Scherer & Spence 2016). This creates a tension between the economic, social and environmental drivers for businesses, making a truly integrated implementation of CSR more complex, potentially requiring new approaches (Hahn, Pinkse, et al. 2014).

Milne and Gray (2013, p.13) are amongst the authors expressing concern that the CSR debate is being “dominated by international business and its associations” to the detriment of the natural environment”. The CSR agenda is seen as being hijacked by what is termed ‘business as usual’, and is therefore less likely to achieve the substantive change required for sustainability (Bondy, Moon & Matten 2012).

2.3 Assessing the Success of Change for CSR

Internally to the organisation, one of the key factors for the implementation of CSR is the embedding of change into day-to-day activities, which is essential for long term success (Cramer 2005). This is particularly significant given the widely acknowledged high failure rate of change initiatives in commercial organisations (Balogun & Hope Hailey 2004).

The assessment of successful change for CSR is, therefore, considered important to its implementation process (Maon, Lindgreen & Swaen 2008b). CSR is, however, notoriously difficult to measure as it relates largely to societal issues (Fifka & Berg 2014) and has an significant ethical component (Sharp & Zaidman 2010). There are many indices and standards for the measurement of CSR, as “a standardized method to measure CSR does not exist” (Montiel & Delgado-Ceballos 2014 , p.127). The presence of project-based schemes using business case financial logic, in most organisations, makes measurement even more complex (Salzmann, Ionescu-Somers & Steger 2005). The stage of CSR implementation can also affect the measurement of change, as the criteria that may be applicable for an organisation at the start of its change journey (Milne, Kearins & Walton 2006), when seeking compliance, will be different from those of an organisation that adopted CSR as a strategic initiative (Engert, Rauter & Baumgartner 2016). CER can provide standard measures of performance such as those set out by GRI; however, these do not assess the embedding of change for CSR.

There has been some research pertinent to the present thesis which looks at the assessment for change for CSR by examining internal factors. For example, research by Maon, Lindgreen and Swaen (2008a) and Knox and Maklan (2004) looked at the success of change for CSR across management and individual levels. Young et al. (2015) also examined success factors for CSR across companies, including the involvement of leadership and the level of CSR knowledge of employees.

A useful framework for assessing the success of change for CSR is that created by Maon, Lindgreen and Swaen (2008a). Table 2.1 below combines Maon, Lindgreen and Swaen’s (2008a) criteria with the factors for success as revealed by Young et al. (2015), in order to cover aspects of CSR embedding. It is the success factors outlined in Table 2.1 that CER must affect to facilitate change for CSR and therefore these factors will be reviewed as additional criteria against which to assess the empirical results of the present research.

Table 2.1 – Success Factors for Implementing CSR

Level	Success Factors
Corporate	<ul style="list-style-type: none"> • Connecting CSR vision and initiatives with an organisation’s core values and competencies • Formalising CSR vision through official documents • Considering mistakes as an opportunity to learn and improve CSR programs and policies • Getting key people’s commitment (directors, owners, senior managers) • Engaging participation of key stakeholders in the CSR process
Organisational	<ul style="list-style-type: none"> • Building upon existing organisational structures and process • Ensuring the organisation has the internal skills to make the transformation • Training of employees in CSR-related issues • Emphasizing relationships between new organisational behaviour and success • Fostering the presence of moral / CSR champions • Thinking of long-term engagement rather than quick fix solutions
Managerial	<ul style="list-style-type: none"> • Creating enthusiasm and credibility around CSR (by providing regular updates on progress) • Rewarding people that create CSR successes • Recognizing the critical role of leadership
Individual	<ul style="list-style-type: none"> • Beliefs and attitudes are balanced between company and environment • Awareness of CSR, employees know how to undertake environmental tasks • Individual-level feedback including charts in local workplaces, etc. • Individual-level financial incentives.

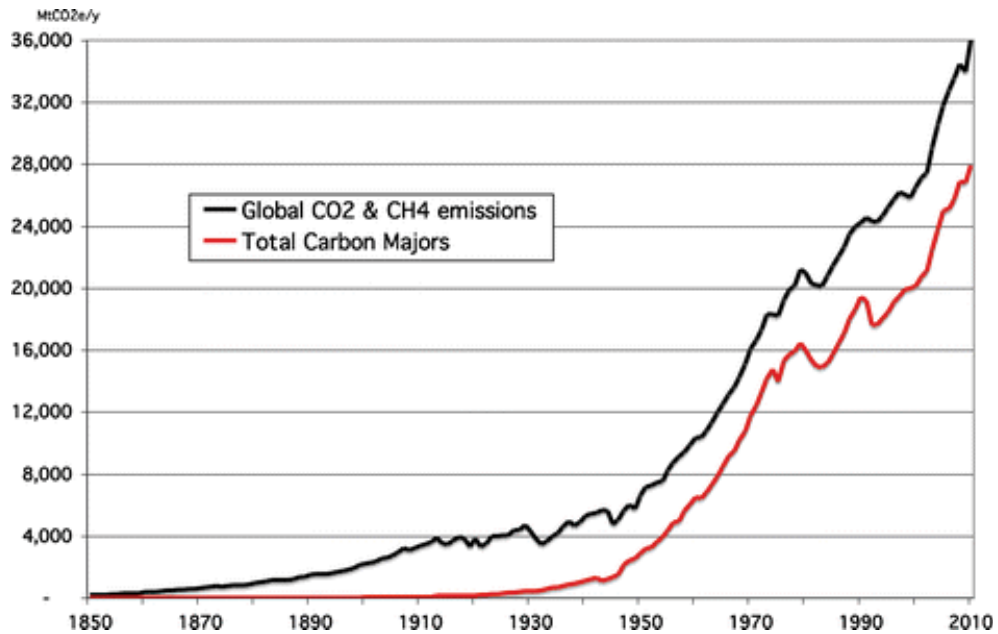
2.4 CSR in Business and Australia

2.4.1 Environmental Impact of MNEs

Large MNEs, such as those in this study, exert significant global influence, given that some report revenues greater than those achieved by smaller countries. The environmental impact of doing business has been estimated to cost the global economy \$4.7 trillion a year, according to a report released by TEEB for Business Coalition (2013), which assessed the impact of air pollution-related

health costs, the effects of greenhouse gas emissions, the loss of nature-based benefits such as carbon storage by forests, and loss of natural resources.

Figure 2.2 - Growth of Carbon Emissions from Major Companies compared to Global Emissions (TEEB 2013)



The impact of carbon emissions and, therefore, anthropogenic global warming, is perhaps the major issue in the world today (Robbins 2016). ICT, as an industry sector, is estimated to contribute 3% to these emissions (BIO Intelligence Service & Alcatel-Lucent 2012).

2.4.2 Acceptance of CSR as part of Business Today

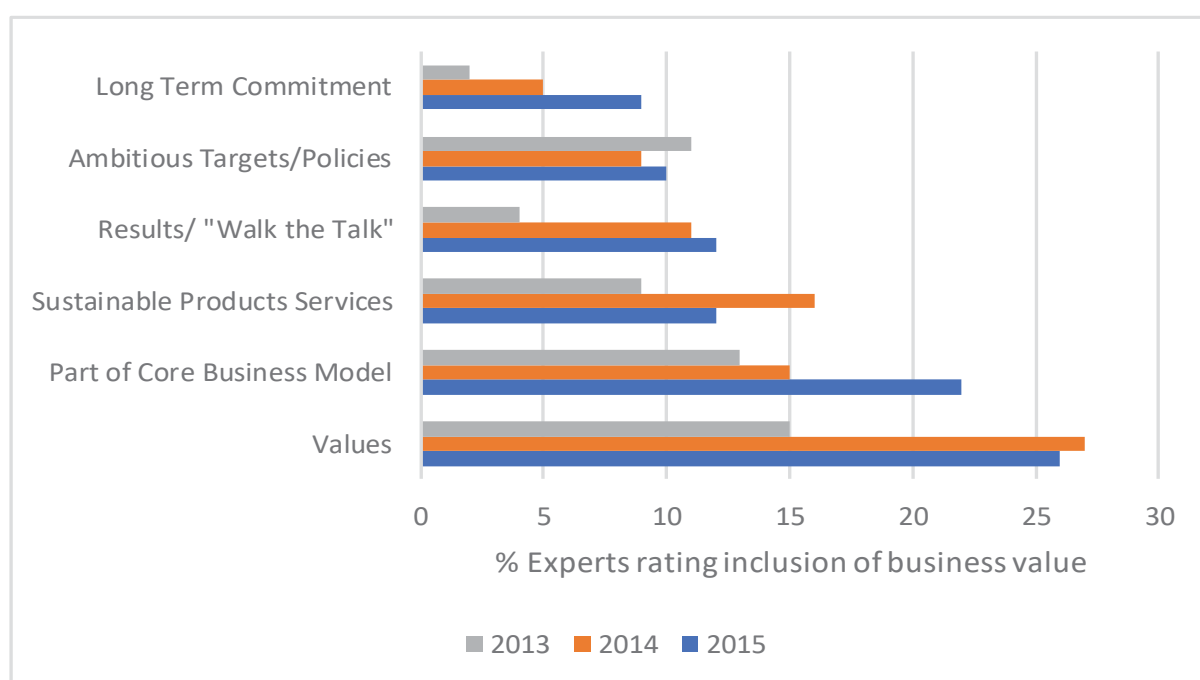
Society's focus on the environmental component of corporate behaviour, and the subsequent organisational commitment to sustainable operation, have been growing steadily since the 1980s, partly as a response to the United Nations World Commission of Environmental and Development report (Mori Junior, Best & Cotter 2014). CSR has become an institutionalised concept within Western societies with governments, consumers and other stakeholders now expecting corporations to act responsibly and balance the social, environmental and economic responsibilities of business (Bondy, Moon & Matten 2012).

Adoption of CSR, and in fact CER, has been led by a few businesses acting as pioneers, with some organisations explicitly choosing to become leaders through company strategy or as a response to customer demands (Engert, Rauter & Baumgartner 2016; Lozano 2013). However, businesses are becoming involved at an increasing rate, and CSR has become an acknowledged 'must have' for

businesses (Bondy, Moon & Matten 2012; Matten & Moon 2008), with a key step being its incorporation into the core business strategy (Engert, Rauter & Baumgartner 2016). An Ernst and Young (EY) (2012) survey of 270 Sustainability Executives across industry sectors and regions notes that 86% stated that sustainability was embedded in their firm’s strategy.

The Globescan (2015) survey also shows that corporate leadership in sustainable development is driven mainly by making sustainability a part of their company’s core business model as shown in Figure 2.3.

Figure 2.3 - Place of Sustainability in Corporations (adapted from Globescan 2015)



There is growing evidence that business is taking the next step and operationalising CSR (Bonn & Fisher 2011). However, progress is slow when integrating across business levels (Engert, Rauter & Baumgartner 2016).

The most recent survey from Ernst and Young (2012) includes the comment that:

“The number of companies that have truly embedded sustainable practice into their operations may be small, there is a revolution taking place — particularly with regard to the integration of financial and non-financial reporting.”

Ernst & Young (2012, p.12)

This report also comments that the growing involvement of Chief Financial Officers (CFOs), due to increasing scrutiny of investors and equity analysts of company CSR performance, has resulted in a broadening of the internal departmental involvement across organisations (Ernst & Young 2012, p.14).

McKinsey & Company (2015) supports the EY findings, reporting that CSR has been used largely as a response to reputation management, with 40% of companies shown to be changing core operational behaviour. As seen in other surveys, these companies are largely those in the more polluting industrial sectors, although more recent surveys show increasing involvement from other sectors (Alonso-Almeida, Llach & Marimon 2014; Ernst & Young 2012; KPMG 2013). This pattern is reflected in Australia, where the large mining companies were the first to take up and report on CSR policies, due to regulation and a need for legitimacy (Jenkins & Yakovleva 2006).

2.4.3 Contradictions of CSR and Established Business Practice

“Did you ever expect a corporation to have a conscience, when it has no soul to be damned and no body to be kicked? (And by God, it ought to have both!) (The First Baron Thurlow [1731–1806] Lord Chancellor of England. Cited in Poynder, 1844)”.

from Banerjee (2008, p.51)

The concept of CSR is founded on the notion that business has societal obligations that encompass the protection of the environment, which must be accommodated alongside its drive for financial gain. Corporations have traditionally existed for profit, with return to shareholders being the driving objective (Hahn, Pinkse, et al. 2014). They have operated within legal and regulatory frameworks that primarily govern this aspect of their operation. This financial focus is coming under scrutiny, as stakeholders look for a more responsible societal attitude from corporations and small businesses and is expecting organisations to change (Bebbington & Larrinaga 2014; Marano & Kostova 2016).

The traditional profit focus of commercial organisations has led to a widely acknowledged ‘dichotomy’ between CSR, which is often associated with a cost, and institutionalised business practice. Companies are founded with the driving objective to maximise profit, whereas CSR requires

some behaviours that may adversely affect financial performance (Banerjee 2008). Researchers have regularly observed profit “trumping the concerns for sustainability” (Caprar & Neville 2012 , p.231).

However, for the last decade, authors have argued for CSR to become accepted as a ‘must have’ for businesses (Bondy, Moon & Matten 2012; Matten & Moon 2008), even whilst shareholder imperatives and legislation dictate that directors and boards are responsible for shareholder financial value. The difficulty this presents is that the business case for CSR, and most importantly its financial viability, has not been established (Wickert, Scherer & Spence 2016). Changes to facilitate CSR, such as implementing more environmentally friendly processes, can incur significant cost that may not be offset by profit gains (Scherer & Palazzo 2011).

Corporate governance of CSR has been cited as one of the ways to bridge the gap between CSR and the corporate and societal expectations of profit (Ntim & Soobaroyen 2013). Corporate governance relates to the creation of formal organisational structures and responsibilities that address internal and external stakeholders’ need for transparency, and that help to apply a level of control over the various managerial approaches to CSR (Filatotchev & Nakajima 2014; Jain & Jamali 2016). CER is a key part of governance structure, allowing the introduction and reporting of non-financial metrics into internal controls, risk management, and management by the board (Rao & Tilt 2015).

2.4.4 CSR in Australia

“The last decade: too slow, too little... but CSR is on our radar”.

Australian Centre for Corporate Social Responsibility, (2014, p.6)

Australia has one of the highest levels of Greenhouse Gas (GHG) emissions per capita amongst developed economies (Garnaut, 2008). The uptake of CSR has been slow, with an ACCR respondent describing business in Australia as “a laggard of regulation” (Australian Centre for Corporate Social Responsibility 2014, p.6). These results reflect those of an earlier survey that found that less than five out of ten organisations in Australia (48%) “participated in practices considered as corporate social responsibility” (Lau 2009, p.4).

The reluctance to adopt CSR initiatives by business in Australia is, in part, explained by Government attitudes that have historically viewed emissions regulation as a threat to economic growth and to the country's competitive advantage as a fossil fuel exporter. Australian industry has also been effective in campaigning to minimise CSR regulation, an example being the recent rescinding of the carbon tax (Nyberg, Spicer & Wright 2013).

Australian business is aware of CSR, with most large companies having some form of voluntary CSR strategy (Klettner, Clarke & Boersma 2014). The priority for many is communication of CSR and engagement of stakeholders (Australian Centre for Corporate Social Responsibility 2014), with board members and senior management increasingly involved in strategy creation for CSR (Klettner, Clarke & Boersma 2014).

Until recently, CSR was gradually being incorporated into core business operations (Anderson & Landau 2006); however, this appears to have slowed down post the Global Financial Crisis. The focus has turned to efficiency initiatives and high profile low cost activities such as donating to charity or employee environment groups, rather than undertaking full CSR programs (Lau 2009). In a study on the uptake of CER, Higgins, Milne & van Gramberg (2015) asked Australian firms about CSR initiatives, with responses showing a "widespread adoption of relatively 'easy' mechanisms, such as policies, visions and board member responsibility" (Higgins, Milne & van Gramberg 2015, p.461).

The growth of responsible investing in Australia, particularly through large superannuation funds, is expected to drive business involvement in CSR. The 2015 Responsible Investment Association Australasia (RIAA) report states that demand for specific ethical funds had doubled in the previous two years (Risely 2016); which means that business leaders will, at a minimum, need to be seen to be involved in CSR so as to help to protect their share value.

2.5 Why the ICT Sector?

There has been little research in the academic literature on Green IT or its adoption by either the ICT sector or its customers (Zheng 2014). A recent review found only 25 academic papers in the previous seven years on Green IT across business sectors (Esfahani, Rahman & Zakaria 2015); although the management literature covers Green IT and other ICT environmental programmes quite extensively. This gap in the academic literature will be addressed in the present thesis, by focussing on CSR and the role of CER.

2.5.1 Rapid Growth in ICT

Since the late 1990s, the use of Information Technology has been growing two times faster than the Gross World Product (Siegler & Gaughan 2008), although this is now slowing (Bassanini, Scarpetta & Visco 2000). Between 1986 and 2007, computing capacity grew at 58% per annum, with the world's capacity for bidirectional telecommunication growing at 28% per annum (Hilpert & Lopez 2011). Since then, spending in the technology sector has grown at over 8% (Barnes & Milne 2015), in spite of global economic difficulties:

“Technology is the backbone of the digital economy. The rate of change and the level of disruption driven by modern technology are exponential”.

Sallomi (2016 website)

“The tech industry is always in flux. Frequent new products and category innovation define and redefine the sector’s constantly shifting landscape”.

Casey and Hemming (2015, p.3)

The ICT sector is now worth some 3,663 billion Euro worldwide (Statistica 2016), and is forecast to continue to grow despite the global downturn (Gartner Research 2016). Some of the world's largest organisations are in ICT, and these have been growing rapidly (Statistica 2016).

Figure 2.4 – Six-Year Growth in ICT Market Leaders (redrawn from Statistica 2016)



2.5.2 Rapid Change is the ‘norm’ in ICT

The ICT industry is accustomed to fast innovation as a response to technology shocks (Schilling 2015). The market is characterised by irregular but significant change in conditions driven by deregulation, globalisation and privatisation (Bekaroo, Bokhoree & Pattinson 2016; Olesen, White & Lemmer 2007). These changes have been cited as significant drivers in the market (Graetz 2000), forcing traditional ICT companies to undertake radical change programs.

Organisations in the ICT sector have needed to innovate continuously to keep up with market trends (Crainer & Dearlove 2010; Eaton & Brown 2002; McCelligott 2006). The pattern of technological change in the industry, rather than being continuous, has been in phases, of ‘game changing’ innovations punctuated by periods of incremental development (Anwar 2003; Schilling 2015; Tushman & O’Reilly III 1996); and most recently, developments such as the Internet, mobile technology, smart phones and, most recently, the ‘Cloud Computing’ (Crainer & Dearlove 2010; Hoelck & Ballon 2015).

The rapid rate of technological change and innovation in the ICT industry has seen the introduction of many new companies, and has changed the profile of both traditional IT and telecommunications (Bekaroo, Bokhoree & Pattinson 2016; Sieloff 1999). Companies within the composite sector of ICT

have experienced similar development paths, as telecommunications was dominated by large, often government-owned, monopolistic providers (Aerts, Cormier and Magnan 2006), and IT consisted of companies that had developed from large engineering firms and were focussed on providing expensive hardware (Aerts, Cormier & Magnan 2006; Barton & van den Broek 2011; Coe 1997). These organisations, now operating in rapidly changing environments, have had to develop new internal change strategies (Markusson 2010). Many of these firms have adopted process-based approaches to change, based on the ideas of Taylor and applied in the frameworks of Total Quality Management, Lean or Six Sigma (McCelligott 2006).

2.5.3 ICT, Impact on the Environment and CSR

The ICT industry has a significant environmental impact, producing 3% of GHG (BIO Intelligence Service & Alcatel-Lucent 2012) and 7% of e-waste (United Nations University 2014). It has been estimated that the use of ICT equipment alone is responsible for 2% of the world's carbon emissions, and this is expected to double by 2020 according to Deloitte's Bio division (Sallomi 2016). In addition, many ICT products are manufactured with some degree of hazardous materials or e-waste, including ferrous metals, non-ferrous metals, glass, and plastics (Martinuzzi et al. 2011). More recently, the sector has moved from being seen as a conserver of energy, for example through the use of emails, to a high-energy consumer (Bekaroo, Bokhoree & Pattinson 2016), with the growth of huge power-consuming data centres for companies such as Google and Amazon.

The European Commission Research Directorate-General (2007) was clear on the importance of the ICT sector to CSR:

“The ICT sector has been identified as a potential major player in the fight against climate change – in particular its role in improving energy efficiency, and as the engine for sustainable growth in a low carbon economy because of improved information transparency”.

European Commission Research Directorate-General (2007 website)

ICT has the potential to reduce global emissions by 15% (Esfahani, Rahman & Zakaria 2015). ICT environmental initiatives aim to address the fact that more than half of the energy consumed by businesses is wasted by inefficient technologies, poorly designed systems, or uninformed behaviours (Jenkins & Yakovleva 2006).

Reduction in emissions can be either directly from the sector, by reducing negative ICT impacts on the environment, or indirectly through the use of technology to support other business initiatives in reducing their negative environmental impacts (Jenkin, Webster & McShane 2011). This can include the use of remote access technology, personal communications tools, and a widening range of software options to enable collaboration (Nunn, Hersch & Bonecutter 2009). Using IT Systems to improve the eco-sustainability of businesses through the design of software (Gholamia et al. 2013; Som, Hilty & Kohler 2009), the savings can be significant, up to fivefold (Ullah, Lia & Marjoribanks 2013):

“As one of the organisation’s hungriest consumers of energy, IT has unusual leverage to effect green change on an enterprise scale”.

Nunn, Hersch and Bonecutter (2009 p.1).

2.5.4 Green IT

Green IT is the ICT industry’s eco-friendly product and service offering to its customers. This service offering usually includes components relevant to CER, such as environmental performance monitoring. Many ICT organisations have developed the Green IT concept to gain market advantage by promoting their environmental credentials and addressing energy consumption and waste associated with the use of hardware and software, including:

- improving the energy efficiency of hardware and data centres;
- consolidating servers through virtualisation;
- reducing waste associated with obsolete equipment (Watson, Boudreau, Chen, & Huber, 2008).

Defining Green IT is complex, as it is a concept that was generated by the industry rather than by a regulatory body. A broad definition is as follows:

“The study and practice of environmentally sustainable computing or IT, including designing, manufacturing, using, and disposing of computers, servers, and associated subsystems—such as monitors, printers, storage devices, and networking and communications systems — efficiently and effectively with minimal or no effect on the environment”.

Murugesan (2011, p.52)

This definition has been expanded by some authors to include organisations and their supply chain, as well as products and services across the product life cycles (Browning 2009).

2.5.5 Benefits of Green IT

There has been considerable progress in implementing Green IT programs in organisations where there are clear cost savings or efficiencies that can be justified by a business case. The benefits of Green IT to businesses in terms of sustainability are outlined in Table 2.2.

Table 2.2 - Benefits of Green IT

<i>Aspect</i>	<i>Details of Benefit</i>	<i>Authors</i>
PC and Laptops, Office Equipment	Applications that conserve energy, e.g. by reducing screen brightness	Bekaroo, Bokhoree and Pattinson (2016)
Data Centre Efficiency	Poorly configured data centres can use 100 times the electricity per square foot of a typical office building. Solutions include <ul style="list-style-type: none"> • Virtualisation and use of the ‘Cloud’ - one server (i.e. one piece of hardware) to run grouped applications which would previously have required a server each • Use of efficient air conditioning, renewable energy sources • Data centre design and layout. 	Nunn (2009) Bekaroo, Bokhoree and Pattinson (2016) Murugesan (2011)

Reduction of e-waste	Supply chain schemes for opportunities for responsible disposal Organising the recycling of non-functional or obsolete equipment.	Bekaroo, Bokhoree and Pattinson (2016)
Energy-efficient office equipment	Multifunction and double-sided printing printers Postponing the replacement of desktops (manufacturing uses 80% of the energy that a PC will use over its normal life).	Murugesan (2011)

2.5.6 CSR and CER in ICT organisations

Due to the rapid rate of innovation in technology, ICT firms are more inclined than are other industry-sector companies to adopt new concepts and market these more aggressively (Vaccaro 2009). Classically, innovation in the ICT sector has been focussed on products (Feurer, Chaharbaghi & Wargin 1995; Nunn 2009); however, the pace of change is so rapid that product innovation cannot keep up, and so organisations have looked to services to grow and differentiate their business (Feurer, Chaharbaghi & Wargin 1995; Seidensticker 2006). CSR has, therefore, been perceived by ICT as an opportunity to innovate and to stay ahead of regulators in terms of performance and reporting, and as a vehicle to position ICT organisations favourably within society propose that this move was motivated both by pursuit of legitimacy and by the need to remain in line with competitors (Chen et al. 2011).

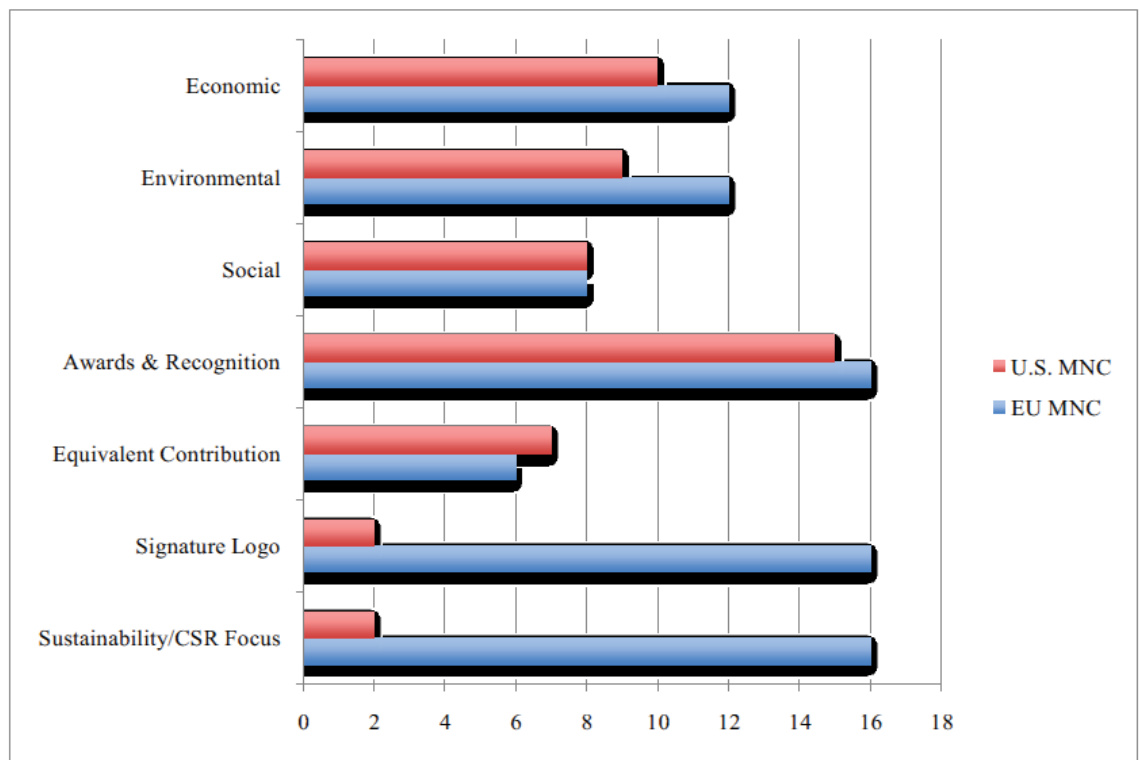
There has been limited research into internal CSR policies of ICT organisations (Chen et al. 2011), with studies to date focusing primarily on the practices of ICT firms in the market and on the beliefs and behaviours of technology users around Green IT (Ullah, Lia & Marjoribanks 2013).

In Europe, Martinuzzi et al. (2011) cite legislation as a major ‘motivating’ factor in CER implementation. A prominent ICT business driver is also the ‘strategic’ adoption of Green IT, including systems for CER reporting, as part of market positioning or product/ service portfolio (Browning 2009). Information from an industry report notes that the adoption of CSR as a strategic initiative in the market is assumed to drive the implementation internally. However, the levels of maturity and approach taken by ICT companies vary, as described below (Trazz-Ryan 2009):

- implementation of point solutions to curb environmentally hazardous emissions;
- cost efficiencies, reduction of operating expenditure;
- fostering a reputation of being a green telecom and IT services organisation.

Fortuna et al. (2011) undertook one of the few studies to look specifically at the ICT sector, focussing on MNEs. Their conclusions were that ICT MNEs adopted CSR due to varying drivers. They note that “community perception tied to brand reputation” was the primary driver; and presented the following table, in Figure 6, to rank the drivers (Fortuna, Hazzard-Robinson et al. 2011, p.14).

Figure 2.5 – Drivers of CSR in MNEs (Fortuna et al. 2011)



Numbers represent total interviewee measurement statements

In a later study of ICT companies, Runhaar and Lafferty (2009) looked at the motivators for CSR adoption by focussing on the global compact. They found that ICT companies are looking to fulfil industry-specific CSR goals, and to perform above the norm in CSR.

The adoption of CER in the ICT sector has also attracted little academic research; however, the sector has been included in regular surveys of reporting. ICT, defined in the most recent KPMG (2015) as ‘Technology, Media & Telecoms’, constitutes 12% of the top Global 250 companies in the survey.

The uptake of CER in the ICT sector reflects the industry pattern of early adoption of concepts. In 2015, 87% of ICT companies engaged in 'Carbon Reporting', a significant and rapid increase from 75% in 2013. The quality of the CER is also high, receiving a 65 rating out of 100 from KPMG, using its own rating scale. Over 80% of the CER produced by ICT companies represented in the survey used GRI.

Lastly, the motivation for publishing reports, as commonly cited in the management literature for ICT, largely mirrors that of other business and industrial sectors that have adopted CER (Gartner Research 2016).

2.6 Summary: Context of Research

This chapter has presented a discussion of the significance of CSR to society, and of the role that organisations play in polluting the environment. The concepts of CSR and CER were reviewed, and placed in context with the overall discussion of sustainability and reporting at the corporate and societal levels.

The review of the management and academic literature has shown that CSR is now accepted by business and is growing in use. Australia, as a developed economy, would be expected to have relatively mature CSR and processes. However, the significant contribution of the fossil fuel and mining industries to the Australian economy, and political inertia, has slowed the improvement of environmental performance in those sectors and led to an uncertain business environment for the implementation of CSR.

The two study organisations are in the ICT sector, which has been shown in this chapter to be an innovative industry, subject to rapid change, and an early adopter of CSR. The industry has developed its own products and services for the environment, called Green IT; which companies use as leverage to be perceived as market leaders in CSR. The use of CER by ICT companies to report on their internal CSR reflects that of large companies worldwide.

CHAPTER 3 – CER: AN EFFECTIVE MECHANISM TO DRIVE CHANGE?

This chapter reviews CER research across the extant literature to provide a picture of the status of CER worldwide and the characteristics of organisations that adopt CER. As indicated in Figure 1.1, the chapter looks at proposition that CER can act as an effective mechanism to drive change for CSR. The aims and promise of CER are examined; and as the effectiveness of CER to drive change has recently been much debated, this chapter devotes a section to reviewing this debate.

How CER could facilitate change for CSR is the underlying question of this thesis. This chapter, therefore, includes an initial review of the mechanisms and frameworks by which CER creates change within organisations, either through its direct implementation or acting as a catalyst for the embedding of change for CSR. Causal links, as described in published research, between CSR and CER implementation are identified.

3.1 Introducing Corporate Environmental Reporting

Environmental reporting has its origins in extreme events with high mortality, for example, the smogs of post-war London (Simpson & Carless (1997). The publication of Rachel Carson's (1962) *Silent Spring* inspired a growing public awareness of broader environmental issues and a focus on corporate environmental performance. Early environmental reporting concentrated on Health, Safety and Environment (HSE) issues, and used associated indicators to report public health and safety (Hart 1997; Piasecki, Fletcher & Mendelson 1999).

CER, therefore, had its genesis in the late 1970s. The adoption and the growth in use of CER by corporations was intrinsically linked to the increasing acceptance of CSR within business and society. This acceptance has since led to pressures on organisations to demonstrate their CSR commitment and performance (Windolph, Harms & Schaltegger 2013). CSR performance is now often conveyed through formal CER, which has led to a growth, from 2000 onwards, of corporate sustainability reporting as an area of study in the academic literature (Hahn & Kühnen 2013).

CER appears to be here to stay, with a recent KPMG (2013, p.11) survey stating that the “debate over whether to report or not is now over”. It has been recognised that, “once started the process is practically impossible to stop; stakeholders tend to demand more from the corporation” (Lozano 2012, p.22).

The cost and effort of producing a CER is not insubstantial (Lozano, Nummert & Ceulemans 2016), as CER:

- requires knowledge, experience, and understanding of sustainability (Adams & McNicholas 2007);
- has to provide the extra resources needed to gather data and engage stakeholders, and needs to keep a balance between the details and core information (Lozano 2006).

Despite the increasing acceptance of CER as part of business practice, and the presence of studies showing that it can facilitate change for CSR (Adams & McNicholas 2007; Lozano, Nummert & Ceulemans 2016), some authors and experts in the field question the effectiveness of reporting in its current form (Cho et al. 2015; Milne & Gray 2013; Wickert, Scherer & Spence 2016) and, in particular, its integration with other company objectives (Stubbs & Higgins 2014).

3.1.1 Aims and promise of CER

CER is most commonly associated with a formal organisational CSR policy, and provides visibility to stakeholders and society of that organisation's CSR intentions and performance (Benn, Edwards & Angus-Leppan 2013). Its primary purpose is considered by some scholars and reporters to be communication. However, the promise of CER, and part of the motivation of the organisations and regulators driving its introduction (Adams 2015), is that CER will result in a positive change for CSR by the companies that publish a report (Pérez-López, Moreno-Romero & Barkemeyer 2015).

Voluntary disclosure such as CER is widely acknowledged to inform stakeholders and to manage impressions internally and externally to the organisation (Bebbington, Larrinaga & Moneva 2008; Deegan 2002; Hahn & Kühnen 2013). CER is a form of discourse designed to communicate an organisation's CSR policy, targets and performance; and, as such, contains considerable company rhetoric on CSR (Reynolds & Yuthas 2008). CER, if produced to one of the accepted standards such as GRI, contains all the necessary information to create a dialogue and to act as a communication mechanism that assists the embedding of CSR (Larrinaga-Gonzalez & Bebbington 2001).

The aim of CER as communication is described by Lozano (2012) as being to:

“Integrate and to communicate the different initiatives and activities of the company that contribute to sustainability”

Lozano (2012, p.22)

CER acts to communicate company CSR messages across an organisation’s boundary to its stakeholders, and as auto-communication, that is, organisations communicating with themselves internally (Christensen, Morsing & Thyssen 2013; Kallio & Sandström 2009; KPMG 2013). However, there appears to be little consensus on the primary audience for CER, with studies of organisations citing a range of target audiences including NGOs, employees, and shareholders (Adams & Frost 2008; Deegan & Blomquist 2006; Spence 2009). KPMG (2013) found that companies believed that CER enhances their reputation both internally and externally.

The ‘promise’ of CER is that it will be an effective mechanism for facilitating and embedding change for CSR within organisations. It is reviewing this promise that forms the basis of the study of CER in the present thesis. The following quote from Stubbs and Higgins (2014) summarises the potential of CER:

“[Integrated Reporting] is about clearly and concisely representing how an organisation creates and sustains value, taking account of economic, social and environmental factors (IIRC, 2013). It is claimed that integrated reporting can help drive organisational change towards more sustainable outcomes”

Stubbs and Higgins (2014, p.1069)

The effectiveness of CER to facilitate change is supported by research that shows that reporting acts as a catalyst for change for CSR (Adams & Frost 2008; Adams & McNicholas 2007; Stubbs & Higgins 2014). Implementation of CER can also create direct change within companies, through the setting up of internal processes (Higgins, Stubbs & Love 2014). CER, with its requirement to gather

information across departments of an organisation, can help “diffuse” the CSR concept and so “overcome resistance to organisational change” (Lozano, Nummert & Ceulemans 2016, p.2). However, the empirical evidence of the effectiveness of CER in facilitating change for CSR is limited. Furthermore, despite the commonly theorised relationship of benefit for CSR, some authors contest the ability of CER to engender effective change for CSR (Milne & Gray 2013).

The purpose of CER was reviewed in a recent paper by Lozano, Nummertc and Ceulemans (2016) as follows:

- to assess the progress of an organisation towards its CSR goals;
- to communicate activities, plans, progress and governance to stakeholders (GRI 2016);
- to assess corporate sustainability performance over time and benchmark this against that of other companies;
- introduce processes to collate/ create information for the report;
- to demonstrate how the organisation is influenced by expectations about CSR;
- as a base for planning changes for sustainability (Adams & McNicholas 2007);
- as a start to catalyse changes for CSR;
- as a base for learning about CSR.

3.1.2 Companies Producing CER

The origins of CSR are reflected in its adoption patterns across organisations. The literature indicates that firms with the most advanced reporting and environmental management practices were in ‘visible’ industries, that is, those with high levels of toxic releases and low environmental compliance (Delmas & Blass 2010). Companies outside these industries, however, have more recently increased their reporting (KPMG 2013), including in Australia (Higgins, Milne & van Gramberg 2015).

Since the early 1990s, when a few large organisations started to disclose environmental information voluntarily (Mori Junior, Best & Cotter 2014; Perez & Sanchez 2009), CER has been largely accepted as part of normal corporate practice (Hahn & Kühnen 2013). This reflects the growth in significance of CSR: as Cho et al. (2015, p.78) observe, environmental issues are now seen in corporate boardrooms due to the visibility provided by corporate sustainability reporting practices. They are “on the verge of becoming a standard operating procedure among the global corporate elite” (Thomas & Lam 2012 , p.192) a point further illustrated by Montiel and Delgado-Ceballos (2014):

“It is almost impossible to browse a company’s website or its official reports without finding references to ‘sustainability’ or ‘sustainable development’.”

Montiel and Delgado-Ceballos (2014, p.113)

Illustrative of the growth in the acceptance of CER is the changing categorisation of company reports. The 1990s saw environment or EHS reports including selected social, and/ or health and safety issues (KPMG surveys 1993 et seq.; 1996; 1999). The next decade saw the development of ‘Sustainability Reports’, largely influenced by GRI standards (Hahn & Kühnen 2013), where voluntary CERs focussed on narrative discussion covering highly selected ‘project style’ activities, placed in annual shareholder reports. By the late 2000s, 75% of reports were categorised as stand-alone corporate responsibility or sustainability reports (Fifka 2013; Ioannou & Serafeim 2012).

Recently, Integrated Reporting (IR) has become a focus of CER, with its aim being to integrate sustainability activities into corporate strategies and management decision making (Adams 2015). The growth in CER is evident from statistics produced by Ernst and Young (2012), who cite CorporateRegister.com, which tracks CER globally, as reporting an increase from 26 reports in 1992 to 5,593 in 2010.

The most recent KPMG (2013) survey of the top 100 companies shows that 71% of the N100 (top 100 companies by revenue, globally) and 93% of the global 250 companies now produce a CER. The development and publication of CER is benefitting from developments in IT, with reports now appearing on the websites of many of the world’s largest firms (Guziana & Dobers 2013).

However, the number of companies reporting is still relatively small compared with the total number of businesses operating in the world today (Lozano 2013; Stubbs, Higgins & Milne 2013), with only approximately 2000 of the 60,000+ multinational companies producing a CER (Milne & Gray 2013). However, those that do report tend to be large MNEs with the potential to cause significant environmental harm (KPMG 2013).

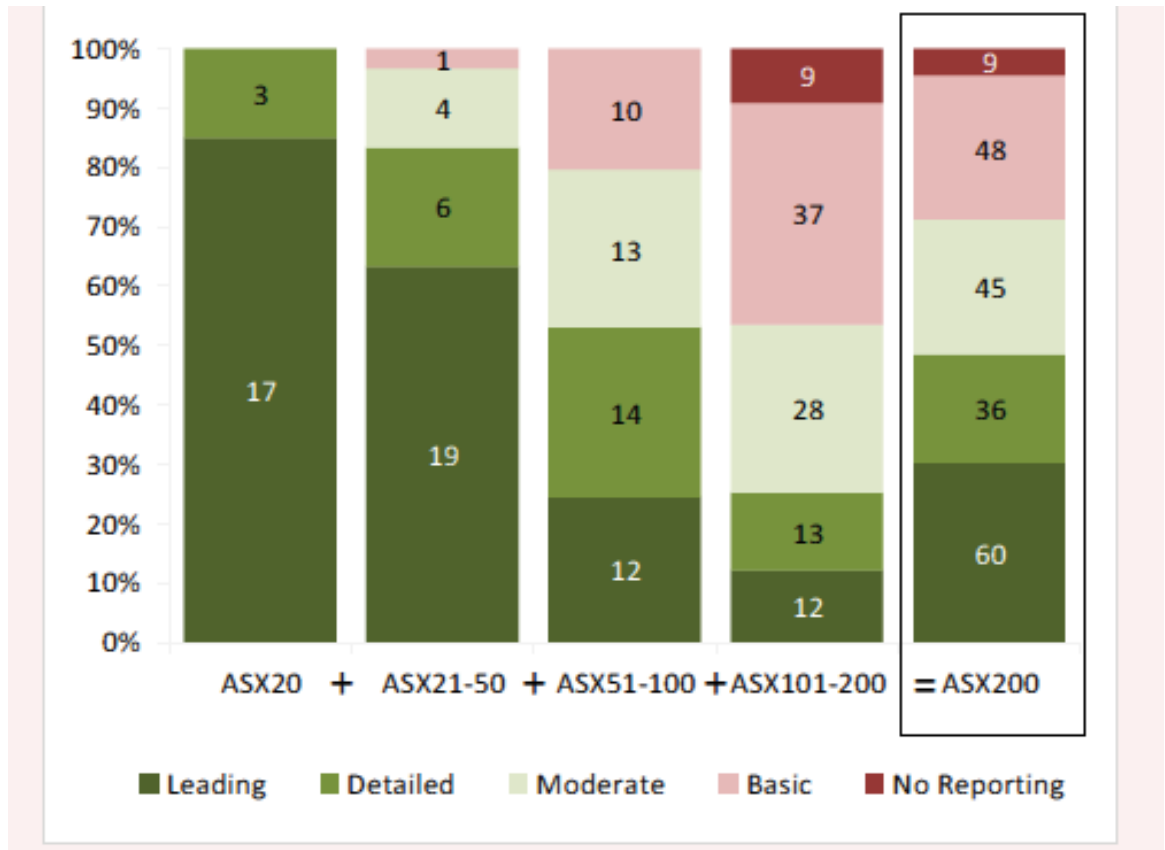
3.1.3 Australian Companies' CER

Historically, Australian organisations lagged behind their European counterparts in terms of corporate reporting (Fayers 1998). The early 1990s saw the appearance of separate corporate sustainability reports, followed by an overall increase in environmental disclosure to year 2000 (Gibson & O'Donovan 2007). However, more recently, the CER publication rate in Australia, at least amongst its largest companies, is one of the highest in the world, with 82% of the N100 producing a CER, despite the country's relatively poor profile in CSR. Despite a fall in the last 2 years, Australia's large organisations remain in the top third of global reporting countries in the world (KPMG 2015). The Australian Council for Superannuation Investors (ACSI) shows that 97 per cent of ASX100 companies and 77 per cent of ASX200 companies produced "some form of public sustainability risk reporting" in 2015 (Australian Council of Superannuation Investors 2016, p.13). This growth in CER has been driven partly by regulatory changes in ASX Corporate Governance Principles, which some authors consider need further review (Klettner, Clarke & Boersma 2014; Strong 2014).

CER in Australia reflects its HSE origins, with the leading 'reporters' being large mining organisations (Higgins, Milne & van Gramberg 2015). This is representative of the make-up of Australian industry, as one of the world's largest exporters of coal and natural gas (Australian Securities Commission 2016). Other industry sectors are becoming increasingly involved, with recent growth in CER driven largely by increasing participation of sectors outside mining (ACCR (2014).

The quality of CER in Australia is improving, with an ASCI survey across the ASX200 showing a significant increase in the number of companies producing a Leading or Moderate quality report based on their own rating scale.

Figure 3.1 – Australian ASX200 Sustainability Reporting Trends (ASCI 2016)



As is also seen internationally, the overall number of businesses producing CER as stand-alone reports in Australia remains small in comparison to the number of registered businesses.

A review by Higgins, Milne & van Gramberg (2015) found only 126 organisations publishing a stand-alone CER, which can be compared with over 200,000 business being registered with more than 4 employees (Australian Bureau of Statistics 2015). This low level of CER led to the following comment by these authors:

“It is clear, however, that the [Australian] Government’s preference for a voluntary approach to sustainability reporting has not been that effective.”

Higgins, Milne et al. (2015, p.463)

3.1.4 Characteristics of Companies who produce CER

A significant number of studies have been conducted on the uptake of CER in relation to company characteristics such as size, management and governance structures (Stubbs, Higgins & Milne 2013), and the composition of the Board (Fernandez-Feijoo, Romero & Ruiz-Blanco 2014). Fifka (2013) conducted a meta-analysis of 186 studies, which determined that 37% looked at “external determinants” such as stakeholder pressures and regulation, with the remaining studies examining “internal determinants” (Fifka 2013 , p.6).

The information in the literature on CER uptake is based primarily on surveys and reports from the large accounting firms and NGOs. The regular KPMG surveys reveal an increasing uptake for CER, and include information such as industry sector and regional factors (KPMG 2015), with Ernst and Young also providing reports that lend insight into CER implementation (Ernst & Young 2012). However, all of these suffer from the weakness of focusing on large corporations, and tend to imply that any patterns and conclusions apply to smaller firms (Wickert, Scherer & Spence 2016). Research into CER in Australia shows that the characteristics of the firms reporting are generally similar to those found in research in other Anglo-American regions; however, this is based on a relatively low number of studies (Fifka 2013). Studies in the extant literature have also tended to focus on large organisations, with surveys focussing primarily on the top N100, extending some information across the N250. The present research looks at two MNEs, which are large organisations, although only one of these lies in the N250.

The following Table 3.1 summarises the findings of the research.

Table 3.1 - Factors Affecting the Uptake of CER

Factor	International Research	International References	Australian Research	Australian Reference
Company Size	<p>Company size is a determining factor in the production of CER.</p> <p>87% of studies found a positive correlation with larger firms.</p>	<p>Hahn and Kühnen (2013)</p> <p>Fifka (2013)</p>	<p>Correlation of CER with large company size.</p> <p>Survey of HR professionals showed that large organisations are 75% more likely to produce CER than small ones.</p>	<p>Deegan and Gordon (1996)</p> <p>Lau (2009)</p>
Country of Origin	<p>CER affected strongly by the country of origin; societal attitudes, culture, stakeholders and the role of enforcement are country and region dependent.</p>	<p>Beare, Buslovich and Searcy (2014); Fernandez-Feijoo, Romero and Ruiz-Blanc(2014); Ioannou and Serafeim (2012)</p>	<p>N/A</p>	

Industry Sector	<p>Significant linkage between the industry sector and CER.</p> <p>Mining and energy sector or sectors with high chemical processes have higher rates of CER.</p> <p>Financial sector has been a strong recent adopter of CER using GRI guidelines.</p>	<p>Alonso-Almeida, Llach and Marimon (2014)</p> <p>Milne and Gray (2013)</p>	<p>Significant linkage between industry sector and CER.</p> <p>High-polluting industries or the ‘environmentally sensitive industries’ early adopters. Mining and manufacturing produce more information and use GRI.</p>	<p>Gibson and O’Donovan (2007).</p> <p>Fifka (2013); Deegan and Gordon, (1996); Clarkson et al. (2011); Higgins, Milne and van Gramberg (2015)</p>
CSR Performance	<p>Research results are inconsistent.</p>	<p>Hahn and Kühnen (2013)</p>	<p>Highly visible, high-impact organisations are more experienced reporters and seek to signal CSR commitment. Consumer-oriented organisations have lower visibility with less CER; however, a recent trend towards reporting in this sector.</p>	<p>Higgins, Milne and van Gramberg (2015)</p>
Board and Organisation Structure	<p>Public, state and distributed ownership results with higher rates of CER.</p> <p>Structure for CSR, such as KPIs, within organisations has a positive effect on CER</p>	<p>Hahn and Kühnen (2013)</p> <p>Adams and Frost (2008)</p>	<p>CER in organisations improves in the presence of:</p> <ul style="list-style-type: none"> - Sustainability Steering Committee; - Stakeholder input to performance indicators. 	<p>Adams and Frost (2008)</p> <p>Adams and McNicholas (2007)</p> <p>Stubbs and Higgins (2014).</p>

3.1.5 Standards and Assurance for CER

Legislated or regulated CSR reporting is now generally considered as one of the few vehicles that provide relatively ‘unbiased’ information on how an organisation is performing across an environmental and social spectrum; although whether this directly relates to actual performance is still under investigation (Ortas et al. 2015). The use of standards and audits is generally thought to increase the veracity of the reporting; and there is a widening use of standards such as GRI and ISO26000 (Bustami et al. 2013).

3.1.5.1 Global Reporting Initiative (GRI)

“GRI has entered the fabric of organizational non-financial reporting and become almost ubiquitous as the basis on which organizations should seek to report and as the intellectual framework through which both TBL and sustainability should be articulated at the organizational level.”

Milne and Gray (2013, p.19)

GRI is an independent non-profit organisation that aims to guide firms on the creation of standardized corporate sustainability reports (GRI 2016). The GRI consists of a network of experts, from different stakeholder groups, who aim to provide a “globally shared framework of concepts, consistent language, and metrics” to “communicate clearly and openly about sustainability” (GRI 2011b, p.3).

GRI has done much to bring standardisation and transparency to CER. It is now widely considered to be the leading guideline for creating CER and for their analysis (Adams, Muir & Hoque 2014; Montiel & Delgado-Ceballos 2014), and is “arguably the best known set of guidelines for producing such reports worldwide” (Brown, de Jong & Lessidrenska 2009, p.182). GRI has been considered a good starting point for reporting on corporate sustainability initiatives, making measurement more systematic and allowing for the comparison of different companies in sectors that use the same set of indicators (Alonso-Almeida, Llach & Marimon 2014). CER produced to GRI guidelines can be used to enhance external profile and reputation at a relatively low cost (Levy, Brown & de Jong 2010; Pérez 2015).

GRI has been regarded as ‘the de facto’ global standard; however, its use is now declining amongst the top N100 companies due to the advent of IR (KPMG 2015).

The GRI guidelines include three forms of disclosure information: organisational profile; management approach; and performance-related indicators. GRI divides CER into three areas:

- economic (economic performance, market presence, indirect economic impacts);
- environment (materials, energy, water; biodiversity, emissions, effluents and waste, products and services, compliance, transport, and overall);
- social (labour practices and decent work, human rights, society, product responsibility).

The emphasis of GRI is on the environmental and social dimensions of CSR; therefore, it covers only a few general economic indicators (Hahn & Lulfs 2014). The most recent guidelines are GRI4; however, GRI3 were the guidelines in use at the time of the present research, and therefore form the basis of this thesis.

In Australia, the GRI format now dominates CER, with 76% of companies within the ASX200 structuring their reporting to GRI (ACCR 2014). The leading industry sectors reporting using the GRI format have been the higher-polluting industries (Clarkson, Overall & Chapple 2011); however, its use has now spread to other sectors (KPMG 2013).

Despite its institutionalised position and acknowledged influence on CER, GRI has attracted criticism (Levy, Brown & de Jong 2010). The guidelines do not appear to have addressed a perceived difference between published information and actual performance (Milne & Gray 2013). The voluntary nature of GRI means its use is subject to organisational self-governance. The result has been that CER written to GRI standards is not entirely trusted by stakeholders, despite organisations’ efforts to make them so (Knebel & Seele 2015).

The content of the guidelines is also open to interpretation by organisations, as they:

- contain indicators that are not used by companies;
- allow for discretionary reporting;
- provide considerable scope for company rhetoric;
- do not capture all the relevant sustainability development indicators

(Alonso-Almeida, Llach & Marimon 2014; Levy, Brown & de Jong 2010).

3.1.5.2 Integrated Reporting

IR was conceived in 2010, in part as a response to the Global Financial Crisis and its negative effect on CSR. This new reporting approach aims to address stakeholder demand for more information about organisational CSR than that provided in conventional corporate reports (Wild & Staden 2016). IR aims to create a new global reporting framework that integrates or harmonises reporting requirements for firms, that is, the economic, social and financial requirements (Higgins, Stubbs & Love 2014).

The International Integrated Reporting Council (IIRC) was formed to coordinate the IR effort and promote sustainability accounting (Flower 2015), backed by some significant institutions in the CSR and CER field, including the Prince of Wales A4S Project, the GRI, SustainAbility, and many other organisations (Milne and Gray 2013). The IIRC definition of IR is as follows:

“Integrated Reporting is a new approach to corporate reporting that demonstrates the linkages between an organization’s strategy, governance and financial performance and the social, environmental and economic context within which it operates”

IIRC (2016 website)

IR is designed to reconnect the financial aspects of reporting to CSR reporting (Frías-Aceituno, Rodríguez-Ariza & García-Sánchez 2013). This is undertaken through use of what the IIRC terms ‘capitals’. The six capitals of IR are financial, manufactured, intellectual, human, social and relationship, and natural (International Integrated Reporting Council (IIRC) 2016). The concept embraces the idea that capital in all areas can be lost in a similar manner to financial capital, which is a concept familiar to business (Coulson et al. 2015).

Implementing IR could provide a catalyst for CSR across an organisation by combining “the disparate domains of industrial, market, civic and green order of worth” (van Bommel 2014 , p.1157). One of the stated aims of the IIRC is as follows:

“By reinforcing these connections, Integrated Reporting can help business to take more sustainable decisions and enable investors and other stakeholders to understand how an organization is really performing.”

IIRC (2016, website)

IR requires organisations to simultaneously integrate economic, environmental and social responsibilities “without emphasising one over any other” (IIRC 2016, website). Proponents see the promise of IR internally to the organisation as being to create “new accounting and management processes” that assist in the integration of CSR with other business objectives (Adams 2015, p.23). However, IR’s advent has engendered considerable debate in the academic literature concerning its ability to achieve the stated aims of integration and to drive significant change for CSR within organisations. This debate remains in its early stages, as empirical evidence is currently lacking (Stacchezzinia, Melloni & Lai 2016).

The concerns surrounding IR include how the different “logics of valuation” of the six capitals can be reconciled to allow IR to become an accepted practice (Bommel 2014, p.1180). The objectives of each capital may be contradictory, especially the financial imperative to make a profit, which can conflict with the cost of corporate sustainability (Hahn, Pinkse, et al. 2014). The classic response by for-profit organisations to the call to ‘integrate’ has been to look for a business case where CSR can improve the bottom line; however, this is not always feasible or desirable (Flower 2015).

In addition, the current IR framework is seen as having too much management discretion, with the decision as to which information to disclose therefore being based on judgement (Stacchezzinia, Melloni & Lai 2016); and has a focus on harm to the firm rather than to stakeholders and society (Flower 2015). In particular, the organisation driving it, the IIRC, has been considered to be investor focussed, and therefore may lose the focus on CSR (van Bommel 2014).

Research evidence on the ability of IR to introduce new processes is limited, largely due to the format still being relatively new and largely voluntary (Sierra-García, Zorio-Grima & García-Benau 2015). However, use of IR is growing, and it has been suggested that the initial processes of

institutionalisation can be seen amongst MNEs (Higgins, Stubbs & Love 2014). KPMG's (2013) survey of large organisations found that it is still a minority of firms who felt "confident to say they produce an integrated report" (KPMG 2013, p.28); with a later, 2015 survey reporting that uptake was still slow, with only 6% referencing the IIRC. Wild & Staden (2016) review of the IIRC database reveals that IR was being produced by large public companies, dominated by the financial services industry, in contrast to the 'dirty' and visible industry sectors who were the early adopters of CER.

IR is growing in Australia, which has been at the forefront of its development along with the UK and South Africa (Stacchezzinia, Melloni & Lai 2016). Prominent organisations such as National Australia Bank and Westpac have been early adopters (Strong 2014). However, IR remains at an "embryonic" stage (Stubbs & Higgins 2014, p.1085), which is reflected in Strong (2014) interview with the Head of Sustainability at Westpac, who stated that Westpac's initial IR was more a "combined report than an actual integrated one" (Strong 2014, p.137).

IR in Australia has received considerable support from the accounting profession, which bodes well for its longer-term adoption. The professional associations, Association of Chartered Certified Accountants (ACCA) and Chartered Insurance and Management Accounts (CIMA), have produced integrated reports and incorporated IR into their courses (Adams 2015). Australia does, however, present some barriers to the adoption of IR, as both directors' liability and the disclosure of commercially sensitive information are subject to restrictions, putting pressure on directors under their regulated 'duty' (Strong 2014).

3.1.5.3 Assurance

Assurance of CER is important to achieving stakeholder confidence as it can improve the perception of clarity, extent and reliability of the information disclosed (Faisal, Tower & Rusmin 2012). Assurance of CER can act as a catalyst for CSR, as organisations are aware that their CSR information must be robust to be published in a CER, which is subject to audit. This is evidenced by research which shows that:

- the likelihood of commissioning assurance is increased if the Governance process includes a specialist in CSR (Peters & Romi 2015);
- "the likelihood of disclosing an integrated report is positively associated with having the CER assured" (Sierra-García, Zorio-Grima & García-Benau 2015, p.286).

The aim of the assurance of reporting, according to the International Audit Assurance Standards Board (2011), is as follows:

“An engagement in which a practitioner aims to obtain sufficient appropriate evidence in order to express a conclusion designed to enhance the degree of confidence of the intended users other than the responsible party about the outcome of the measurement or evaluation of an underlying subject matter against criteria.”

from Mori Junior, Best & Cotter (2014, p.3)

The two frameworks most commonly used by assurers are:

- the AA1000 Assurance Standard (AA1000AS) launched in March 2003 by AccountAbility⁴ (Accountability 2011);
- the International Audit Assurance Standards Board⁵ (IAASB)’s International Standard on Assurance Engagements (ISAE 3000).

Three types of providers dominate the assurance market, controlling almost 90%. These are the large accounting firms, certification bodies, and specialist consultancies (Sierra-García, Zorio-Grima & García-Benau 2015). These organisations provide assurance using different scopes, methodologies and assurance statements (Mori Junior, Best & Cotter 2014).

In Australia, the rate of assurance of CER by large organisations has varied little over the last decade. The ASCI (2015) survey showed that 35% of CER produced by the ASX 100 companies were verified, a slight decline from the 2014 level, and 8% of the ASX200s’ CER was subject to assurance. Assurance of CER in Australia appears to be unusual in that it is largely carried out by specialist consultants rather than by the accounting firms, although the involvement of the ‘Big 4’ accounting firms is growing (Davies 2016; Sierra-García, Zorio-Grima & García-Benau 2015).

3.1.5.4 Indices

An interesting development for CSR has been the arrival of Sustainability Indices (Doh et al. 2010), which measure performance. These indices claim to use similar criteria to CER, and so can draw on the same base data. There are a wide range of indices, with more being added on a regular basis,

including the Global 100, the Dow Jones Sustainability Index, FSTE4Good, and GRI's 'Global Readers' Choice', amongst many others (Bachoo, Tan & Wilson 2013; Milne & Gray 2013).

A typical example is the Dow Jones Sustainability Index, which ranks companies based on the responses to an invited survey of 2000 organisations internationally (Guziana & Dobers 2013). The index focusses on the financially based business-case scenario for CSR, which assumes that long-term shareholder value is obtained from the market via sustainability products and services, while internally CSR can reduce costs and risk (Christofi, Christofi & Seleshi Sisaye 2012).

The use of indices is particularly vulnerable to scepticism by independent stakeholders and academic researchers, as, in common with some other forms of CSR communication, they are driven by businesses or associated with accounting firms (Elving et al. 2015). The indices are unregulated and lack standardisation, so cannot be compared with any real veracity (Christofi, Christofi & Seleshi Sisaye 2012).

3.2 Research on CER - an Effective Mechanism for Change?

“The possible role that corporate sustainability disclosures can play in any transition toward a less unsustainable society remains unclear”.

Cho, Laine et al. (2015, p.91)

The debate on the effectiveness of CER in driving organisational change for CSR has consumed many pages in academic journals, particularly with the recent advent of IR; however, consensus has yet to be reached. This following section, therefore, presents the case for and against, based on the extant literature.

A presumption in much of the research presented in the extant literature is that implementing and publishing a CER acts as a 'catalyst', or at least encourages organisations to improve CSR. CER is considered a key component of change for corporate sustainability, with much of the research relying on two underlying assumptions:

- CER reflects actual performance;
- CER will cause a change in corporate behaviour.

(Adams & McNicholas 2007; Banerjee 2008; Lozano, Nummert & Ceulemans 2016).

However, as at 2016, the link between CER and change for CSR remains an area not widely studied (Cho et al. 2015; Lozano, Nummert & Ceulemans 2016). Few studies have examined internal mechanisms and processes for corporate sustainability reporting by looking at “the ‘how rather than the ‘why’ or ‘what’” (Stubbs and Higgins 2014, p.1070). The frequently observed emphasis on CER as a response to external demands does not necessarily assist in the analysis of internal benefits that are expected to be associated with reporting (Pérez-López, Moreno-Romero & Barkemeyer 2015). Studies have tended to be from the “outside-in” (Higgins, Milne & van Gramberg 2015, p.448), or focussing on external communications, drivers, use of reporting, and disclosure tools such as GRI and the actual content of the CER (Hahn & Kühnen 2013).

Only “a few studies have explicitly examined the mechanisms employed in sustainability reporting” (Stubbs & Higgins 2014, p.1073) Even the advent of research into IR has yet to provide empirical evidence on how reporting can “enhance integrative management for sustainability” (Stacchezzinia, Melloni & Lai 2016, p.2). ‘Inside out’ studies, to date, are limited in scope, containing small numbers of interviews and concentrating on large corporations (Higgins, Milne & van Gramberg 2015). One of the few studies that reviews the link between CER and organisational change states:

“Sustainability Reporting and Organisational Change Management for Sustainability have reciprocal reinforcing relationships, where Sustainability Reporting provides a starting point for planning organisational change for sustainability and organisational change for sustainability improves the reporting process”.

Lozano, Nummertc & Ceulemans (2016, p.1)

To bring real business change for sustainability, CER must demonstrate that it can address the concerns of many authors who are questioning the ability of reporting to drive organisations’ change for CSR (Flower 2015; Milne & Gray 2013), which to date remains largely assumed (Lozano, Nummert & Ceulemans 2016). This is a gap that the present thesis aims to address by studying large organisations, while acknowledging that the research on CSR in smaller organisations is also lacking (Wickert, Scherer & Spence 2016).

3.2.1 Establishing the Link

To examine how CER might affect change for CSR, it is necessary to first gain an understanding from the extant literature of the interaction between CSR and CER. CER has been studied from a number of perspectives (Hahn & Kühnen 2013; Stubbs, Higgins & Milne 2013); however, it appears that the ‘jury is still out’ on whether it can deliver on its promise to bring about improvements in corporate responsibility parameters.

The drivers for an organisation to implement a CER are intrinsically linked to those that drive the uptake of a CSR program. CER provides the externally facing documentation of corporate responsibilities, which is expected to reflect the implementation of strategies, structures and procedures in core business processes within and across the organisation (Engert, Rauter & Baumgartner 2016; Wickert, Scherer & Spence 2016) .

To be effective, CER needs to engender “change tension between sustainability discourse and practice”; however, research to date has reached contradictory conclusions (Cho et al. 2015, p.79). This may be because the link between CER-introduced change and CSR is complex to establish, given that change for CSR itself may be diffuse and occur over long periods (Lozano 2013). Implementing CSR is fundamentally a complex problem characterized by “pluralistic goals, ambiguity, uncertainty, emergence, and context dominance” (Searcy 2012, p.240).

Overall, in order to be widely accepted as effective, CER must help to create business willingness to adopt a transformational approach to CSR that moves away from the narrow use of “rhetorical claims to pragmatism and action” (Milne, Tregidga & Walton 2010, p.1211). This would require a change from a business-as-usual approach based on economic drivers and legislative obligations (Bondy, Moon & Matten 2012); without which, “the transformative potential of [CER] would appear to be severely limited” (Cho et al. 2015, p.91).

3.2.2 The Case for CER Effectiveness

The argument for the effectiveness of CER pivots on its success as a communication channel of accurate information on CSR performance, and in facilitating internal organisational change. CER has been studied most extensively as a communication channel from the external or stakeholder perspective, and with research often based on published reports (Deegan 2002; Hahn & Kühnen 2013). The influence of stakeholders on the creation of CSR approach and strategy has been observed; and here, CER plays a role acting as a boundary document between the organisation and

its stakeholders (Angus-Leppan, Metcalf & Benn 2010; Engert, Rauter & Baumgartner 2016; Lozano, Nummert & Ceulemans 2016). Internally to the organisation, the mechanisms whereby CER acts to facilitate the embedding of change for CSR have been studied by a few key writers. These studies have either: surveyed organisations, for example, Higgins, Milne and van Gramberg (2015); conducted interviews with staff, as was done by Pérez-López, Moreno-Romero and Barkemeyer (2015); or undertaken action research, as completed in a key study by Adams and McNicholas (2007).

3.2.2.1 Communication for CSR

Today, “sustainability is understood as a societal problem” (Neugebauer, Figge & Hahn 2015, online); and communication is considered a key part of the societal change process, which implies a key role for CER as a primary communication vehicle for CSR. For example, in a survey of Australian organisations, Higgins, Milne and van Gramberg (2015) found that 66 % of respondents saw CER as primarily as a communications mechanism.

Habermas, one of the founding writers on communication, considered that societal transformation can best be accomplished through communicative action that aims for mutual understanding (Habermas 1984; Reynolds & Yuthas 2008):

“Language is strategic action aimed at getting someone to do something, and that action is characterized by the ‘communication of those who have only the realization of their own ends in view’”.

Habermas (1984, p.163)

Habermas (1984) argued that unspoken validity claims underlie all normal speech, which are assumed by both speaker and listener, and make rational communication possible. These validity claims are:

- truth – the objective truth of the propositions made;
- sincerity – the subjective truth of the propositions;
- understandability – the comprehensiveness of the propositions;
- appropriateness – the extent to which the propositions comply with norms (Reynolds & Yuthas 2008).

This concept has been widely applied to CSR communication, such as CER, as the reports aim to persuade others about 'good' actions by presenting the organisation as responsible and sustainable (Elving et al. 2015). Language and communication's role in the uptake of CSR has been studied using the concepts of discourse (Phillips, Lawrence & Hardy 2004) and rhetoric (Ruebottom 2013). CER are a part of the societal discourse of CSR (van Bommel 2014) and usually contain rhetoric (Ziek 2009).

Discourses are described in simple terms by Parker (1992) as structured collections of meaningful texts. In the organisational context, discourses can shape decisions about the adoption and wider diffusion of managerial practices (Strang & Meyer 1994). Discourses are open to interpretation and can be directed by the motives and goals of their author (Levy, Brown & de Jong 2010). By producing specific texts, organisations develop discourses that "suit their particular interests" (Munir & Phillips 2005, p.1667); therefore, the origins and intent of discourses need to be analysed as well as the content (Scherer & Palazzo 2011). Organisational texts are not, however, always taken as fact, but viewed as strategies for persuasion that draw on cultural discourses, both consciously and unconsciously, in order to shape reality (Alvesson 1993).

Rhetoric as persuasion is one of the oldest human arts being recognised since the 5th Century B.C. as a source of inspiration and invention to cause social action (Suddaby & Greenwood 2005). As rhetoric, language is a dynamic and reflexive tool that reveals the underlying assumptions of its author (Landau & Drori 2008). Researchers have shown that actors use distinct rhetorical strategies to legitimate organisation change (Green & Li 2011; Suddaby 2010; Vaara & Tienari 2008). In external communication, organisations have been observed to utilise themes in a rhetorical strategy to build legitimacy (Helfen & Sydow 2013). Internally, rhetoric can be utilised to make sense of and define a new and emerging organisational form (Suddaby & Greenwood 2005), to bring about change or to justify particular decisions. Top managers' rhetoric can empower middle managers to expand their remit and responsibility for a change, and can generate commitment even to multiple contradictory and contested strategic goals (Balogun et al. 2014).

Company rhetoric is largely accepted as part of the communication of CSR (Christensen, Morsing & Thyssen 2013). Not surprisingly, therefore, CER almost always contains company rhetoric that has been moulded to match the perceived need for legitimacy as well as the strategic aims of the organisation (Fifka 2013; Ruebottom 2013).

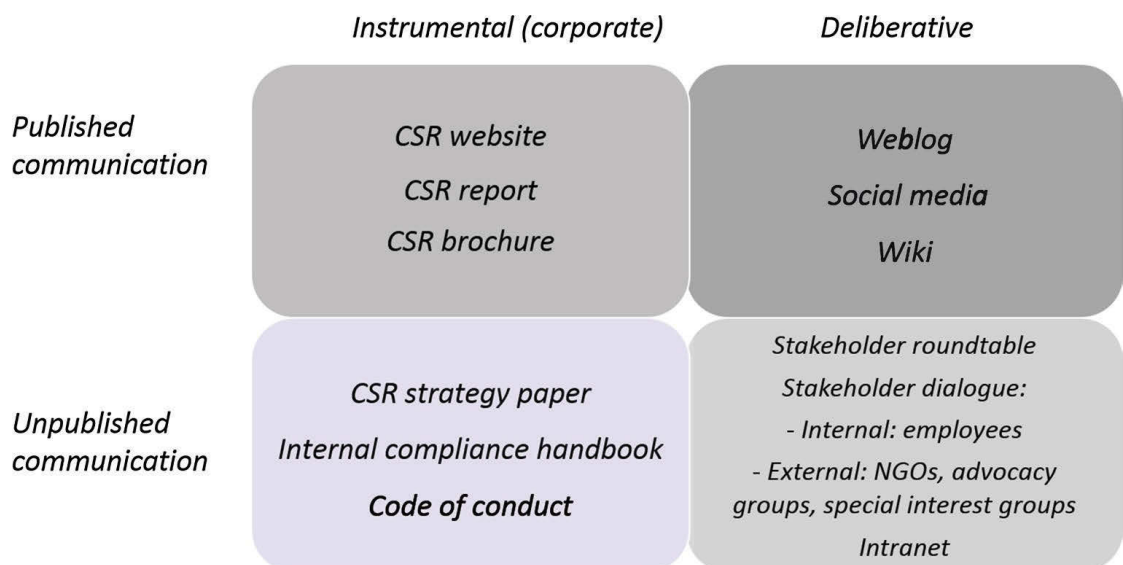
Audiences for CER

Corporate communication may be aimed at more than one audience, meaning that messages ostensibly written for an external audience can also be aimed at an internal audience (Hagen 2008; Morsing 2006b). Morsing (2006b, p.174) argues that, in creating images of an “ideal corporate we” for external audiences, the organisation may hope to evoke pride and motivation among managers and employees. Communication of CSR for internal and external audiences (Engert, Rauter & Baumgartner 2016) has been shown to have some important differences (Bondy, Moon & Matten 2012; Price 2008; Seele & Lock 2015):

- that reflects business and societal relationships;
- internal CER structures have traditionally been supported by a dominant economic rhetoric, although more recent internal publications have been observed to have more moral content.

Seele and Lock’s (2015) review created the following typology of CSR communication tools, which are deliberately produced by organisations to address stakeholders in a manner the authors term the “political approach to CSR” (Seele & Lock 2015, p.401).

Figure 3.2 – CSR Communication Tools (Seele and Locke 2015)



In Australia, Higgins, Milne and van Gramberg (2015) found that interviewees viewed CER as “best way to communicate social/environmental information with reputational implications” (Higgins, Milne & van Gramberg 2015 , p.458); and internally, that reporting was central to how they acted with regard to social and environmental impacts.

CER provides external visibility of CSR performance

Corporate communication on CSR aims to provide a bridge between the business, its shareholders, stakeholders and society, to communicate the company's approach and performance (Engert, Rauter & Baumgartner 2016). Communicating a company's intention for CSR requires a discourse and communication that are oriented towards shared understanding between audiences (Elving et al. 2015).

CER provides one of the principle mechanisms for communicating company CSR messages across the organisational boundary to its stakeholders (Benn, Edwards & Angus-Leppan 2013; Christensen, Morsing & Thyssen 2013). Here, CER is acting as a boundary document or object, conforming to Wenger's (2000) definition of a discourse that provides a common language.

Historically, however, it has been considered difficult for external stakeholders to assess the actual performance of a company in terms of its reduced impact on the environment. Earlier reporting was often not representative of company CSR performance (Ioannou & Serafeim 2012), which led to a "credibility gap" between companies and their stakeholders (Knebel & Seele 2015, p.196). The increasing use of standards and frameworks as well as assurance (Montiel & Delgado-Ceballos 2014), combined with an improvement in the quality of reports, has gone a long way to addressing this concern. Using their own rating scale, KPMG (2013) assessed the quality of reports produced by the N250 organisations, resulting in average scores over 50%, although with variation across business sectors. CER, if produced to accepted international standards, should now include the necessary requirements for effective communication, as identified by Bachoo, Tan & Wilson (2013):

- disclosure of the governance structure for CSR;
- external and independent assurance;
- disclosure of quantitative data regarding sustainability-related expenditures;
- 'hard data' on CSR, i.e. quantitative analysis performance, with cross-sectional or time-series comparisons.

Much of the CSR corporate discourse aimed at external audiences is used to rationalise ideas and create legitimacy for firms (Castello & Lozano 2011; Kallio, Nordberg & Ari Ahonen 2007). CSR discourses that address legitimacy are included in a variety of corporate communications; however, they are most effectively included in letters from top management in the first pages of the of the annual report, and specifically in the CER (Seele & Lock 2015). CEO statements define company leaders' strategic aims for CSR, and so can be considered one of the most important parts of the CER (Klettner, Clarke & Boersma 2014). CER also contains the "aspirational talk" of the organisation for its CSR implementation (Christensen, Morsing & Thyssen 2013 , p.372), which can commit

companies to better performance. This is important for CER, as reports, in common with much CSR communication, are by their nature prospective in terms of policy and retrospective in terms of CSR actions (Hawn & Ioannou 2016).

CSR statements, often presented in the CER, vary in potential effectiveness for change. Conventional statements potentially limit change, as they reflect the current organisational CSR practices using the dominant capitalist discourse, focusing on cost savings, profit and loss, and shareholder wealth (KPMG 2013; Price 2008). Alternatively, statements that focus more directly on change for CSR include discourse that concentrates on environmental accounting, corporate sustainability, and being a good corporate citizen (Davies 2016).

Financial and CSR aims can, however, be complementary. Public statements in CER are thought to demonstrate to the public 'good management', which results, in the long term, in better company performance and, therefore, share value, even when negative incidents are reported (Reimsbach & Hahn 2015). For example, the Dow Jones Sustainability Index Review is widely used, and has been a source of information for fund managers on which basis to judge company CSR performance (Hughes 2004).

Despite CER becoming established as an effective means of communicating organisational CSR, few stakeholders provide feedback to organisations on their CER. For example, a study by Higgins, Milne and van Gramberg (2015) in Australia found that:

- 36% new reporting companies target NGOs but receive little feedback;
- 67% target customers, but only 44% receive feedback.

Internal CSR Communication

Internally to organisations, discourses containing rhetoric, such as those contained in CER, are used to transfer messages from leadership to all levels of the operational process (Phillips, Lawrence & Hardy 2004). This 'auto-communication' has been recognised as playing an important role in rationalised Western culture (Kallio & Sandström 2009), as communication is one of the foundations of an organisation and a fundamental constituent of its structure (Schoeneborn & Trittin 2013).

Internal auto-communication of CSR strategy to employees can facilitate the implementation of change (Spence 2009). It has been recognised that, although large organisations may engage in CSR activity, employees may not always be aware of these activities (Hoeven & Verhoeven 2013), and companies should therefore engage in CSR communication programs (Morsing 2006b). By increasing awareness of the impact of CSR on business activities, a company's communication policy can connect the stated strategic orientation with operational activities (Arjaliès & Mundy 2013). In

fact, not communicating CSR internally is thought to be a disadvantage, as, in many corporations, the complexity, disagreements and political reality of CSR are not discussed among managers, hindering its adoption (Christensen, Morsing & Thyssen 2013).

CER as an internal organisational communication tool has the potential to increase awareness and understanding of companies' CSR policies and operations, and so to facilitate their adoption (Pérez-López, Moreno-Romero & Barkemeyer 2015). This mechanism was observed by Adams and McNicholas (2007), who found that:

“Sustainability reporting was a learning process for both senior management and the Team responsible for preparing the Annual Report”.
Adams and McNicholas (2007, p.397)

CER has the potential to act as a vehicle to 'brand' an organisation's CSR initiatives with employees, based on the assumption that, if a company has a good reputation, its staff will develop greater affiliation with the company (Morsing 2006a). Staff are then expected to live up to the image portrayed in the CER, and create internal consensus (Hagen 2008).

Research has shown that companies recognise that auto-communication of CSR can:

- increase employee commitment and motivation (Hoeven & Verhoeven 2013);
- instigate employee-driven initiatives (Schultz & Wehmeier 2010);
- assist in recruiting better employees (Bebbington, Larrinaga & Moneva 2008);
- have the potential to “stimulate CSR improvements” (Christensen, Morsing & Thyssen 2013, p.372);
- aid in the integration process (Engert, Rauter & Baumgartner 2016).

However, internal rhetoric for CSR has historically been observed to remain focussed on economic efficiency. Less financially significant CSR does not generally feature highly in reports, meaning financial reporting is still predominant in overall company reporting (Price 2008; Spence 2009).

3.2.2.2 CER facilitates the embedding of CSR

The case for the effectiveness of CER is supported by the view that it is a catalyst for change for CSR (Adams & Frost 2008; Adams & McNicholas 2007; Stubbs & Higgins 2014). In their recent paper, which surveyed 91 companies, Lozano, Nummert and Ceulemans (2016) found that over 90% of respondents thought that CER had facilitated some change for CSR in the organisation.

The effect of CER has been seen most commonly as being to provide incremental change for CSR (Stubbs & Higgins 2014). The research that examines 'how' CER acts to facilitate the embedding of change for CSR (Adams & McNicholas 2007; Pérez-López, Moreno-Romero & Barkemeyer 2015; Stubbs & Higgins 2014) can be classified into the following major categories:

- CER as a communication vehicle containing the company discourse and rhetoric on its CSR strategies (Engert, Rauter & Baumgartner 2016);
- Standards and formats for the production of CER have the potential to guide the implementation of CSR within organisations, from the development of a plan to the set-up of structures (Adams & McNicholas 2007; Vigneau, Humphreys & Moon 2015);
- CER, as part of the governance process for CSR, provides a mechanism to structure the process and monitor performance (Searcy 2012)
- CER causes direct change through the setting up of internal processes (Higgins, Stubbs & Love 2014), and can help with the distribution of CSR policy and processes across organisations (Lozano, Nummert & Ceulemans 2016).

CER plays a key part in most formal change approaches for CSR, through its requirement for performance monitoring, indicators and feedback. Adams and Frost (2007) studied British and Australian organisations, and found that all had "some sort of performance measurement techniques, primarily the balanced scorecard" used in decision-making (Adams & Frost 2008 , p.295).

The following table overviews the proposed mechanisms, described in the extant literature, by which CER facilitates change for CSR. Chapter 5 will provide further detail on the operation of these mechanisms.

Table 3.2 - Key Papers on CER facilitating the embedding of change for CSR

Action Category as Catalyst	Mechanism	Conclusion	Direct or CSR Catalyst	Author
Communication	Provides company discourse on CSR	Provides rhetoric and transparency to meet demands of external and internal audiences for CSR	Catalyst	Seele & Lock (2015)
	Used for 'story telling'	CER (IR)	Direct	Higgins, Stubbs and Love (2014)
	Provides the information to learn about CSR	Improved understanding of CSR	Catalyst	Pérez-López, Moreno-Romero and Barkemeyer (2015)
Guides CSR Implementation	Potential to provide a plan for CSR action	CER through use of standards such as GRI can positively contribute to CSR planning	Both	Adams and McNicholas (2007); Stubbs and Higgins (2014)
	Organisation effect	Helps create new structures	Direct	Vigneau, Humphreys and Moon (2015)
	Promotes the implementation of indicators for measurement	CSR integration into governance, performance management and strategy	Both	Lozano, Nummertc and Ceulemans (2016); Engert, Rauter and Baumgartner (2016)
Mutual Feedback CSR and CER	CER and CSR relationship is reciprocal based on stakeholder feedback	Feedback on the CER creates changes to the second CER	Catalyst	Lozano, Nummertc and Ceulemans (2016)

		and corresponding internal change to CSR		
Direct Process Change	Causes incremental process change	CER (IR) introduces new processes that drive incremental changes in specific areas	CER and CSR processes separately	Higgins, Stubbs and Love(2014)
	Encourages collaboration between departments and staff	Cross-functional discussion on processes required to implement and collate CER	CER	Lozano, Nummertc and Ceulemans (2016)

3.3 *The Case against CER effectiveness*

The case against the effectiveness of CER falls broadly into two categories. Firstly, the reports do not provide a fully transparent view of an organisation's corporate sustainability position; and secondly, that CER does not have the capacity to engender significant organisational change for CSR.

3.3.1 *CER provides a biased view*

There has been a long-standing concern that CER may not represent the true organisational position on CSR, being instead an exercise in public relations (Banerjee 2008; Milne & Gray 2013). In fact, a few leading researchers have questioned whether corporations can be expected to provide substantial and transparent accounts of their social and environmental impacts, given the current institutional paradigm, which focusses on profit and penalises negative environment impact (Cho et al. 2015). Milne and Gray (2007) are relevant to quote in this respect:

"After all, why would any corporation voluntarily wish to admit that it is probably contributing to humanity's exceeding of the ecological carrying capacity of the planet, and in need of being phased out in the interests of environmental sustainability, greater social equity, and the sake of future generations?"

Milne & Gray (2007, p.196)

The following factors have exacerbated the perception of a gap between CSR disclosure and reality:

- The variety of report styles, standards, tools, and differing naming conventions developed for corporations (Hahn & Kühnen 2013), can make it difficult for stakeholders to assess the information in the CER (Fredriksson & Olsson 2014);
- Information contained in the CER on CSR implementation can "lag" behind the messages to stakeholders (Wickert, Scherer & Spence 2016, p.5), which affects the credibility of reports;
- The voluntary basis of CER means that there is the ability for organisations to limit the scope of the report by selectively disclosing information (Chen & Bouvain 2009; Knebel & Seele 2015);
- The quality of CER remains mixed, with even the top N100 reporters in the KPMG (2013) survey not consistently achieving the highest quality rating.

The underlying concern of many researchers, which is common across all CSR communication, is that CER is vulnerable to the charge of being purely strategic rhetoric or hypocrisy (Christensen, Morsing & Thyssen 2013), aimed at greenwashing or shielding the organisation (Elving et al. 2015). This over-stating of CSR commitment remains a major concern based on the belief that companies will use CER as part of their promotion or at least their public relations (Bebbington, Larrinaga & Moneva 2008; Schoeneborn & Trittin 2013). CER is a document produced by an organisation itself, and can therefore be viewed as “asymmetric information” that is not necessarily impartial, and making it difficult for stakeholders to be fully informed (Wickert, Scherer & Spence 2016, p.14). Companies with weaker CSR performance have historically tended to produce reports that focus on their CSR strengths, whereas those with a strong CSR policy produce more comprehensive reports (Dawkins & Fraas 2008).

Use of legitimisation strategies by companies to represent their performance in the best light (Deegan 2002; Pérez 2015; Stacchezzinia, Melloni & Lai 2016) is at the core of concern regarding CER effectiveness, as this approach aims to alter stakeholder perceptions rather than tackle the underlying CSR issues. Hahn and Lulfs (2014, p.415) comment that these strategies do not necessarily provide “a true and fair view of the companies’ nonfinancial performances”. Organisations also use rhetoric in CER to defend their legitimacy and preserve their relationship with stakeholders, or to undermine the credibility of groups who are challenging them (Milne, Tregidga & Walton 2010). These communications reflect a “defensive approach to corporate responsibility and organisation-stakeholder dialog that demonstrates traces of organisational narcissism” (Iivonen & Moisander 2015, p.650). In the case of failures in CSR, such as environmental disasters, the public can be left with the impression that CER is manipulative and insincere, and not reflective of the daily practices of the organisation (Basu & Palazzo 2008; Christensen, Morsing & Thyssen 2015). This strategy can be successful in the short term; however, it may reduce accountability and the opportunity for learning within the organisation (Iivonen & Moisander 2015).

Reporting on corporate sustainability to stakeholders has been seen by some as “evolving into a marketing tool” in order to win public acceptance, even if their day-to-day activities do not reflect those practices (Romero et al. 2014). One area of active discussion in studies of CER is the use of reporting to decouple the companies’ image from its actions, fostering a gap between formal reporting, compliance and informal operational behaviour (Schultz, Castello & Morsing 2013).

In their comprehensive critique, Milne and Gray (2013, p.17) raise the following concerns about CER, that the reports:

- cover few stakeholders;
- cherry pick elements of news;
- do not include a full view of performance;
- ignore the major social issues that arise from corporate activity such as increased consumption;
- refer to 'sustainability' and 'sustainable development', without using the concepts of footprints, carrying capacities, equity and social justice (Milne, Tregidga & Walton 2009);
- do not refer to intergenerational equity (Welford 1997).

3.3.2 CER does not drive transformational change

The second argument against the effectiveness of CER as a vehicle to drive CSR is that it is unlikely to cause significant organisational change for CSR. Many writers now posit that effective change for corporate sustainability needs to be transformational across the organisation rather than incremental (Benn, Dunphy & Griffiths 2014; Martinuzzi & Zwirner 2010; Stubbs & Higgins 2014). The effect of CER in facilitating change for CSR reported to date has largely been incremental (Lozano, Nummert & Ceulemans 2016; Stubbs & Higgins 2014). This partly reflects the fact that CSR and its reporting have been implemented in isolation from economic and other corporate reporting (Adams 2015; Wild & Staden 2016).

The lack of transformational change resulting from CER implementation is a longstanding concern (Banerjee 2008), which has come into greater focus recently with the development and growth of IR (Adams 2015). The effectiveness of CER in driving change for CSR remains an area of debate, not least because the research into the link is limited (Hahn & Kühnen 2013; Lozano, Nummert & Ceulemans 2016). In the face of this lack of empirical evidence, a number of authors have cast doubt on the potential of CER to drive change within the organisation (Larrinaga-Gonzalez & Bebbington 2001; Milne, Tregidga & Walton 2009; Wild & Staden 2016), and there is even more scepticism about its ability to positively affect the broader ecological issues of the planet (Milne & Gray 2013).

Even IR has its detractors, despite its aim to integrate CER with other corporate reporting and so create the conditions for more comprehensive organisational change for corporate sustainability. For example, Flower (2015) argues strongly that IR is focussed on value for investors rather than society, and therefore perpetuates the established business paradigm of the 'business case' that is financially based. The voluntary nature of CER - which, not being backed by law, allows considerable flexibility

in the interpretation of guidelines such as IR - also reduces the potential for the reports to drive meaningful change (Flower 2015; Seele & Lock 2015). This argument appears to be supported by early adopter studies that have shown that IR is being implemented in a way that, even after a more than decade of CER, still does not “drastically affect the central core of the organisation” (Laughlin 1991, p.218; Stubbs and Higgins 2014) .

An emerging concern is the level of resources that are being absorbed by the production of CER, diverting the activity of sustainability teams from CSR. In Australia, where there is a requirement to produce a number of different reports, a leading assurance group commented:

“Reporting can, and often does, consume a large chunk of their limited ‘sustainability’ budgets, time and resources, and is sometimes driven by an executive-level, ‘knee-jerk’ response to shareholder enquiries, what peers are doing, internal expectations, board direction, or just plain ‘what else can we do to demonstrate our good corporate citizenship?’”

Davies (2016, p.3)

3.3.3 CER not closely linked to CSR

The final concern is that CER has been observed to be produced with no clear link to a CSR policy. The drive for legitimacy, to shield organisations’ activities and to avoid public pressure (Schultz & Wehmeier 2010), can result in organisations producing a CER that could be entirely greenwashing (Schoeneborn & Trittin 2013). Companies may undertake projects or small-scale, highly visible activities such a donor programmes. These may be effective within their constraints, but not make a significant difference to core operations (Dobers & Springett 2010).

This disconnect of CER from CSR has been described as “the PR approach” (Higgins & Stubbs 2014, p.1075), in which CER is at best project style rather than being incorporated into the business (Schaltegger 2012). Larger firms have what Wickert, Scherer & Spence (2016, p.24) term a “CSR implementation gap”, where low-cost CER and PR material is used to promote CSR credentials, instead of implementing CSR across the business, which would create a significantly higher cost. These approaches create risk for the organisation, as there is a clear risk of sanction if dissembling in the CER is discovered (Reimsbach & Hahn 2015).

3.4 Summary: CER as an Effective Mechanism for Change

The review in this chapter of the management and academic literature has shown that CSR and CER are now accepted by business and growing in use. Large organisations, ASX or N100, produce CER on a voluntary basis, encouraged by the introduction of ASX guidelines and other standards such as GRI and IR.

CER's primary purpose is seen by some authors as a communication vehicle to stakeholders regarding the company CSR. Its promise, however, and the assumption made by many of its proponents and researchers in the field, is that it will drive change for CSR internally to organisations.

There is evidence in the extant literature of CER acting as a catalyst for CSR and driving change directly; although the number of studies that review this relationship is still relatively limited. However, there remain some arguments that CER is not effective, as it has become a 'business as usual tool' used to publish the company rhetoric, rather than driving the transformational behavioural change required for CSR.

The empirical research of the present thesis investigates the theorised relationship between CSR and CER, focussing on how CER might facilitate the embedding of change for CSR, or create direct process change that improves CSR performance.

The following chapter will propose a multi-level model of change within an organisation, which will facilitate the study of the effect of CER on change for CSR.

CHAPTER 4 – A MULTI-LEVEL FRAMEWORK TO EXAMINE EMBEDDING CHANGE FOR CSR

As indicated in Figure 1.1, this chapter develops a multi-level framework to examine the embedding of change for CSR in an organisation from an ‘inside out’ perspective, and as such forms a key part of the overall structure of the research. This framework provides the basis to evaluate how CER might facilitate the embedding of change for CSR, focussing on the organisation, and its internal processes and employees, whilst considering the effect of societal influences. The framework provides a structure for a conceptual overview of change for CSR in an organisation, and therefore of the role CER could play in assisting that change. This approach adds new perspectives to the study of CSR and CER, as it was determined from the literature that, to date, there has been limited research using a systemic model approach that looks at the interaction between external and internal processes (Benn, Edwards & Angus-Leppan 2013, p.463; 2013). The chapter provides an overview of the multi-level framework, which explains how a review of concepts concerned with the embedding of CSR of in the extant literature benefits from the use of multiple levels. Chapter 5 examines each level in more detail, looking at previous applications of key concepts to change for CSR, and the role of CER in facilitating the embedding of that change.

4.1 Levels of Change for CSR and CER

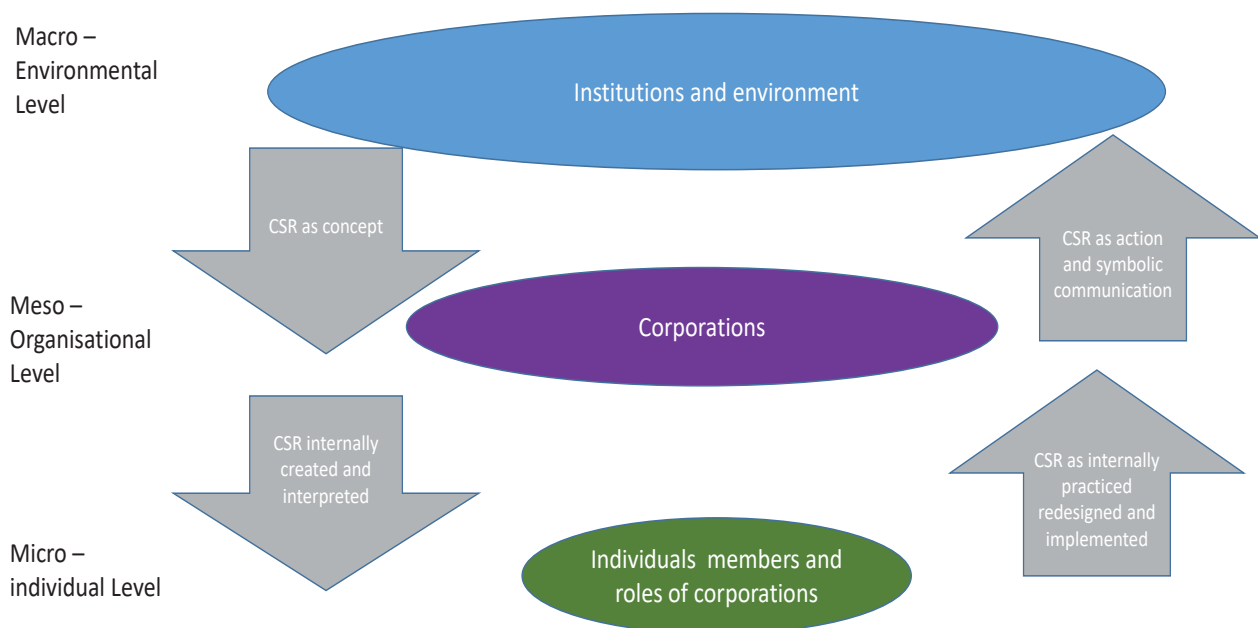
A review of the extant literature on CER and CSR reveals that studies have been carried out from external and internal organisational perspectives. Authors have found that the environment directly affects managerial approaches to CSR, and therefore the micro or internal forces for embedding change (Aguilera et al. 2007; Devinney, Schwalbach & Williams 2013; Filatotchev & Nakajima 2014).

Three representative studies examining these levels in detail propose that CSR in fact operates across different levels. Inside the organisation there are the meso and the micro levels, with outside being described as the environmental or macro level (Angus-Leppan, Metcalf & Benn 2010; Lozano 2015; Schultz & Wehmeier 2010). These can be defined as follows:

- Meso – the organisation level connecting the external pressure and internal change for CSR and CER, and where the organisation is studied as an entity;
- Micro – the internal operation of the organisations, including actions of individuals;
- Macro – the organisational field level, which encompasses the operating environment of the organisation and external drivers.

The relative positions of the micro, meso and macro processes of change for CSR, posited by Schultz and Wehmeier (2010), are demonstrated in the following diagram, which draws on their paper. In this model, the macro environment is seen to influence corporations through the requirement for CSR driven from the societal level. This is interpreted internally at the organisational level, so it can be implemented using a CSR strategy or approach. The role of the individual is in the operational change processes for CSR, where the design and implementation are undertaken. The corporation then feeds back to society information about its actions for CSR, primarily through its communications such as CER.

Figure 4.1 – Levels of Change for CSR (adapted from Schultz & Wehmeier, 2009)



Lozano (2015) reviewed the research on ‘sustainability’ drivers, looking at three levels, the external, corporation and internal levels. The resultant model is provided in Appendix 1. Lozano (2015) determined that there is a two-way relationship between the organisation and the organisational field, mediated by stakeholders and leadership policy. Importantly, CER acts as a communication vehicle in this context, between the organisation and its environment.

Lastly, Angus-Leppan, Metcalf and Benn (2010), when examining the institutional drivers for CSR at a leadership level, utilised a four-level model. These authors posited individual and organisation levels similar to the above-mentioned model; however, they divided the macro level into organisational field and national business systems.

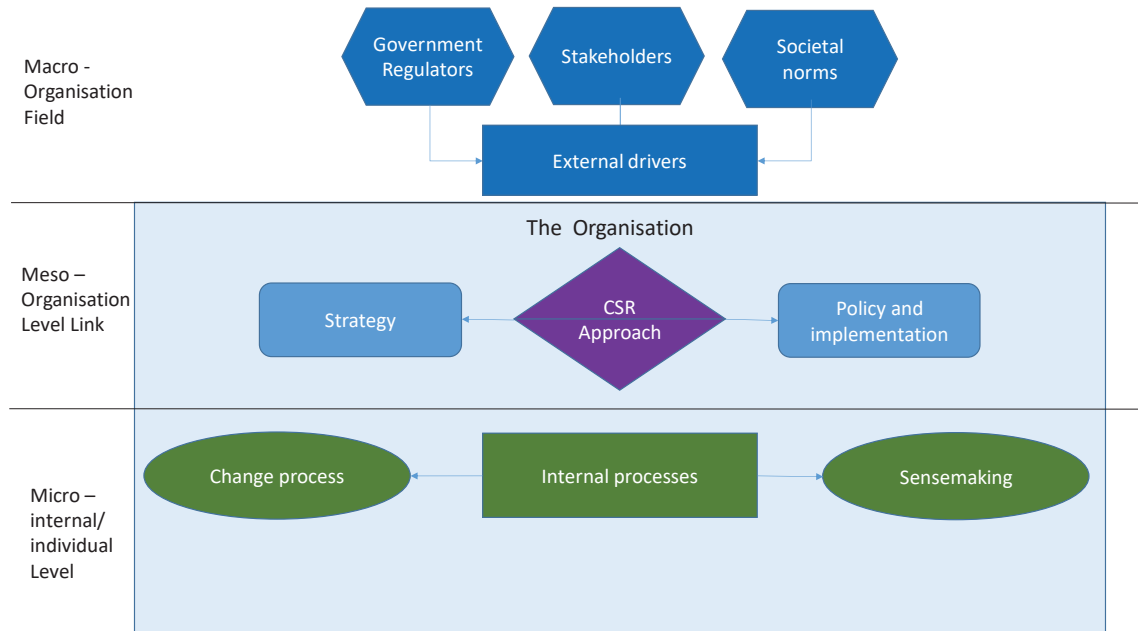
4.2 Multi-Level Framework

The framework developed for the present thesis is designed to reflect the research on CSR and CER in the extant literature. The model focusses on the organisation level and internal processes of change where, as reviewed in the previous chapter, CER has been shown or has the potential to affect change for CSR. The embedding of CSR internally to the organisation is examined using the concepts of organisation change management for CSR, and sensemaking that is based on communication, and is therefore potentially significant for the effect of CER.

At the organisation level, the proposed framework reflects the literature by reviewing organisational-level development of a CSR approach or strategy, which is often expressed through the company rhetoric in discourses such as CER (Engert, Rauter & Baumgartner 2016). The manner in which the organisation approaches change for the implementation and management of CSR is examined, as here CER can have a potential role in assisting to structure and monitor the CSR processes.

The framework, then, illustrates the link between the internal elements of change and the external drivers. This provides a more comprehensive view (Pérez-López, Moreno-Romero & Barkemeyer 2015), as external pressures have been seen to combine with internal processes and the attitudes of staff, to affect implementation of CSR and, consequently, the potential use of CER to assist this process (Lozano, Nummert & Ceulemans 2016; Suchman 1995). CER, through its role as a boundary document (Benn, Edwards & Angus-Leppan 2013), effectively acts as a conduit, through which the requirements of stakeholders and societal influences impact on the change processes within the organisation. The model addresses the external drivers for CSR by reviewing the relationship with stakeholders and the external forces, using the concepts of neo-institutional theory to inform the review (Hahn & Kühnen 2013).

Figure 4.2 – Proposed Multi-level Framework to Study Change for CSR



The focus of this thesis is on the organisational embedding of change for CSR; therefore, the framework focusses on the meso, or organisation-level, and micro, or individual-level, concepts. External pressures for CSR are reviewed only to understand what forces can act as drivers of the CSR approach.

4.2.1 Concepts Internal to the Organisation

The study framework utilises two concepts that have been widely studied in CSR: change management and sensemaking. Based on the extant literature, these theories could be expected to assist in explaining where CER can facilitate the embedding of change for CSR, as CER implementation introduces change to the organisation and is a communication discourse that may influence sensemaking. The aim of the framework is to assist in elucidating these mechanisms, by considering that CER might influence change for CSR, either by acting as a catalyst or by the creation of process change for the purpose of implementing CER.

The change process and approaches for embedding change for CSR provide the background against which any effect of CER can be assessed. Organisational change for CSR is a broad subject, with change in organisations long acknowledged to be complex, continuous, iterative and uncertain (Dawson, 1994). The present thesis, therefore, explores the most widely reported approaches to

change for both CSR and CER, utilising the accepted categorisations of organisational change in the extant literature of Planned, emergent and continuous change that is ‘organisational becoming’ (Adams & McNicholas 2007; Benn, Dunphy & Griffiths 2014; Burnes 2009; Neugebauer, Figge & Hahn 2015; Tsoukas & Chia 2002):

- The Planned approach to change for CSR, which is time limited and directed, is commonly reported in the literature as being “top-down, emphasising management, measurement and control” (Lozano, Nummert & Ceulemans 2016, p.3) although traditionally inclusive of employees (Burnes 2009). Planned change for CSR and CER is frequently applied using systematic approaches, in particular accounting style methods (Burritt & Schaltegger 2010), with which most businesses are familiar (Bondy, Moon & Matten 2012; Zink 2007).
- Emergent change, which emphasises the need for change over time and the inclusion of ideas and direction from of all levels of staff, is considered essential for achieving substantial improvement in organisational sustainability (Benn, Dunphy & Griffiths 2014). More recently emergent change has become more prominent in research into change in CSR (Hahn, Pinkse, et al. 2014; Neugebauer, Figge & Hahn 2015).
- Continuous change is an increasing area of study. This approach acknowledges that organisations are in an ongoing state of change, which affects organisational behaviour and results in organisations being in an ongoing state of ‘becoming’ (Tsoukas & Chia 2002).

The second concept utilised at the internal level of the model is sensemaking (Weick 1995), which is a theory that helps to explain how individuals interpret “novel, ambiguous [or] confusing” (Maitlis & Christianson 2014, p.57) signals from their environment. Sensemaking has been shown to help bridge the theoretical gap between the forces in the organisational field and how these are actually interpreted within the organisation (Schultz & Wehmeier 2010; Turner & Boyns 2006). The concept of sensemaking has been applied in the literature to examine the uptake and embedding of CSR (Angus-Leppan, Metcalf & Benn 2010). Sensemaking relies on communication and communication is thought to be the primary role of CER. Reporting of CSR in the CER, therefore has the potential to act as a facilitator for the embedding process of CSR. The inclusion of sensemaking in the multi-level framework allows the study of a less well-reported use of CER: as an input to the sensemaking process for CSR.

4.2.2 Organisation-Level Concepts

The link between the organisational field level and internal processes for change is considered in the multi-level study framework as the development of an organisational approach to CSR. In developing their CSR approach, leaders of organisations have been observed to take into account external forces

and stakeholders when creating a direction and plan to be executed internally (Bonn & Fisher 2011). The methods by which managers gain an understanding of the external pressures are also explored. Leadership scanning of the environment in which they operate, and the stakeholder engagement processes, are both potential areas where CER could influence change for CSR (Lozano, Nummert & Ceulemans 2016).

For the purposes of the present study, the following key elements of an organisation's CSR approach will be considered, as forming the link between the external and internal processes of change for CSR. As discussed in Chapter 3, these are also the areas that are shown in the literature to be open to influence by CER:

- CSR approach, strategy and associated company CSR rhetoric;
- approach to implementation, including governance;
- CSR target performance.

An organisation's strategic response to pressure for CSR, and therefore their approach, can vary significantly between organisations, based on their "self-understanding, [that is], the historically created assumptions and interpretations of itself and its environment" (Tsoukas & Chia 2002, p.578); as well as by leadership response to external drivers (Angus-Leppan, Metcalf & Benn 2010). This is important for the role of CER in embedding change for CSR, as the approach to CSR may affect the opportunities for CER to facilitate change for CSR.

4.2.3 Organisational Field-Level Concepts

At the macro or organisational field level, the framework is based on the two perspectives: the drivers of CSR and CER, as reported in the literature and by major surveys such as that undertaken by KPMG; and the forces proposed by DiMaggio & Powell (1983) neo-institutional theory. The literature review in the present thesis examines the data presented in the academic and management literature on drivers for CSR, alongside the concepts of classic neo-institutional theory as a basis for understanding the drivers for CSR in the ICT sector.

DiMaggio and Powell's (1983) neo-institutional theory posits three categories of external pressure on organisations, as follows:

- **Coercive** pressure, originating from government, regulators, and the issue of legitimacy (Meyer & Rowan 1977).
- **Mimetic** forces which derive from the presence of uncertainty in the environment, when organisations strive to create stability through imitation (March & Simon 1993).
- **Normative** change, primarily from professionalization of managers (DiMaggio & Powell 1983).

An overview by Aguinis and Glavas (2012) reveals that the dominant forces for CSR, at least in terms of the extant research, are the coercive forces of institutionalisation, in particular legitimacy and stakeholder pressure.

These three forces of neo-institutional theory are combined with the results of the KPMG survey (2015) in the analysis of the empirical research to assist in the determination of the external pressures on the two study organisations. The result of this initial examination of the drivers for CSR in the ICT industry is proposed as the basis for further research.

Two ideas underpin the macro-level analysis: the concept of the organisational field; and the position of MNEs that cross these fields due to their international status.

4.2.3.1 Organisational Fields

The macro level at which CSR and CER have been studied is defined by many researchers as the organisational field (Greenwood, Hinings & Whetten 2014). These fields are clusters of organisations and occupations whose boundaries, identities, and interactions are defined and stabilized by shared institutional logics (Scott 2001). A useful definition has been provided by Scott as follows:

“A community of organizations that partakes of a common meaning system and whose participants interact more frequently and fatefully with one another than with actors outside of the field...characterized by the elaboration of rules and requirements to which they must conform if they are to receive support and legitimacy.”

Scott (1994. pp.207-8)

The organisational field of a company includes a company's industry sector, and can also include key suppliers, consumers, regulatory dependencies, and other competitors (Greenwood, Hinings & Whetten 2014). Influences from stakeholders and society within a field are combined with norms and values specific to a particular firm, to influence change for CSR (Duran & Bajo 2014). Organisational fields vary in their maturity; and can be influenced by the presence of innovative firms driving change (Maguire, Hardy & Lawrence 2004; Pacheco et al. 2010).

The country of origin is a key element of the organisational field that has a direct influence on corporations. This provides the "institutional context", where formal and informal enforcement of regulation and norms by government and society takes place; in turn, leading to the development of company strategies (Duran & Bajo 2014, p.304). The uptake of a specific behaviour, for example CSR, is, therefore, influenced by regional, social, political and economic conditions (Hahn & Kühnen 2013). These include laws and mandatory regulations, which combine with societal expectations and stakeholder demands to create a "business culture of the country" (Ortas et al. 2015 , p.675)

The organisation field for the present thesis is the ICT sector operating in Australia. However, as both study organisations are MNEs, with one headquartered in Japan, consideration is given to the global operation of the companies and the influence of the location of the head office.

4.2.3.2 The MNE within the Organisational Field

A number of researchers have considered the implications of the complexity, for MNEs, of operating across differing organisational fields (Saka-Helmhout, Deeg & Greenwood 2016), where there is a need to maintain legitimacy within both the host country and inside the MNE (Kostova & Roth 2002). This can directly affect organisational choice of CSR approaches, as senior executives' views about the meaning of social responsibility vary across cultural and institutional contexts, based on their perception of legitimacy in their organisational field (Filatotchev & Nakajima 2014).

A number of authors have stressed the significance of the social environment of the country of origin as an influence on firms' adoption of CSR practices (Aguinis & Glavas 2012; Campbell 2007; Hahn & Kühnen 2013). For MNEs present in widely different international environments, there are trade-offs in the costs and benefits and legal risks of maintaining or forgoing legitimacy in each country (Ahmadjian 2016; Devinney, Schwalbach & Williams 2013). In balancing these priorities and working to reduce complexity, MNEs contribute to global diffusion of CSR partly by exerting pressure on local organisations in less CSR-focussed countries (Marano & Kostova 2016).

Regional differences have been examined in the literature, with Asian countries generally having a lower focus on CSR than Western countries. This is supported by a recent KPMG (2013) survey, which showed lower rates of CER adoption in the Asian regions; however, these differences are reducing over time. Japanese companies have, however, been an exception, in taking CSR issues seriously (Ortas et al. 2015); which is of note in the present thesis, as one of the study organisations is Japanese owned.

4.3 Summary: Framework

This chapter has developed a framework to evaluate the effect of CER on embedding of change for CSR, either acting directly to bring organisational change or as a catalyst for CSR. The extant literature regarding the processes of embedding change, at an organisational and an individual level, form the basis of the proposed multi-level framework. These combine with reviews of the external drivers of CSR and CER based on concepts of neo-institutional pressure at organisational field level, to produce a more structured view of change for CSR. This framework provides the basis for the present research to examine how CER might facilitate the embedding of change for CSR. The framework will be used in combination with a review of the published research on the mechanisms by which CER can affect change for CSR, to evaluate the empirical results of this study.

CHAPTER 5 – CER AND EMBEDDING OF CHANGE FOR CSR

This chapter examines the extant literature to understand the processes that organisations use to adopt CSR, and how CSR is embedded into the organisation. This examination is a significant part of the frame for the research as indicated in Figure 1.1. The review will cover the concepts that provide the theoretical basis of the present empirical research. The chapter uses the multi-level framework developed in the previous chapter to structure the conceptual review. The organisation-level concepts are reviewed first, as these are expected to influence the second area of review, the internal or individual level embedding of change for CSR. For example, CSR strategy and approach can directly influence the processes put in place for CSR and CER.

The focus of this thesis is the internal embedding of change for CSR; however, as illustrated by the multi-level framework, this is influenced by the organisational field. Chapter 11 of this thesis, therefore, considers the extensive extant literature on the external drivers that are expected to be significant for both CSR and CER, and the evidence from the results of the present research that show whether the external drivers for the study companies in ICT reflect those of other sectors.

5.1 Organisation-Level CSR

The organisational level is considered in this thesis throughout to be the level at which the leadership decision making for the CSR approach is completed for the organisation. The development of an approach to CSR can provide a link between the organisational field level and internal processes for change for CSR; therefore, this section reviews how the external pressures to implement CSR are interpreted within the organisation. The organisational response to the organisational field drivers is key to the ability of CER to facilitate the embedding of change for CSR, as it dictates the underlying direction of CSR implementation and, therefore, the areas in which CER can have an effect. The focus is on “strategic” approach; its communication in company CSR rhetoric, and associated governance and CSR performance monitoring. These are the areas that have been shown in the literature to be most open to influence by CER.

5.1.1 Linking Organisational Field and Internal Change Process for CSR

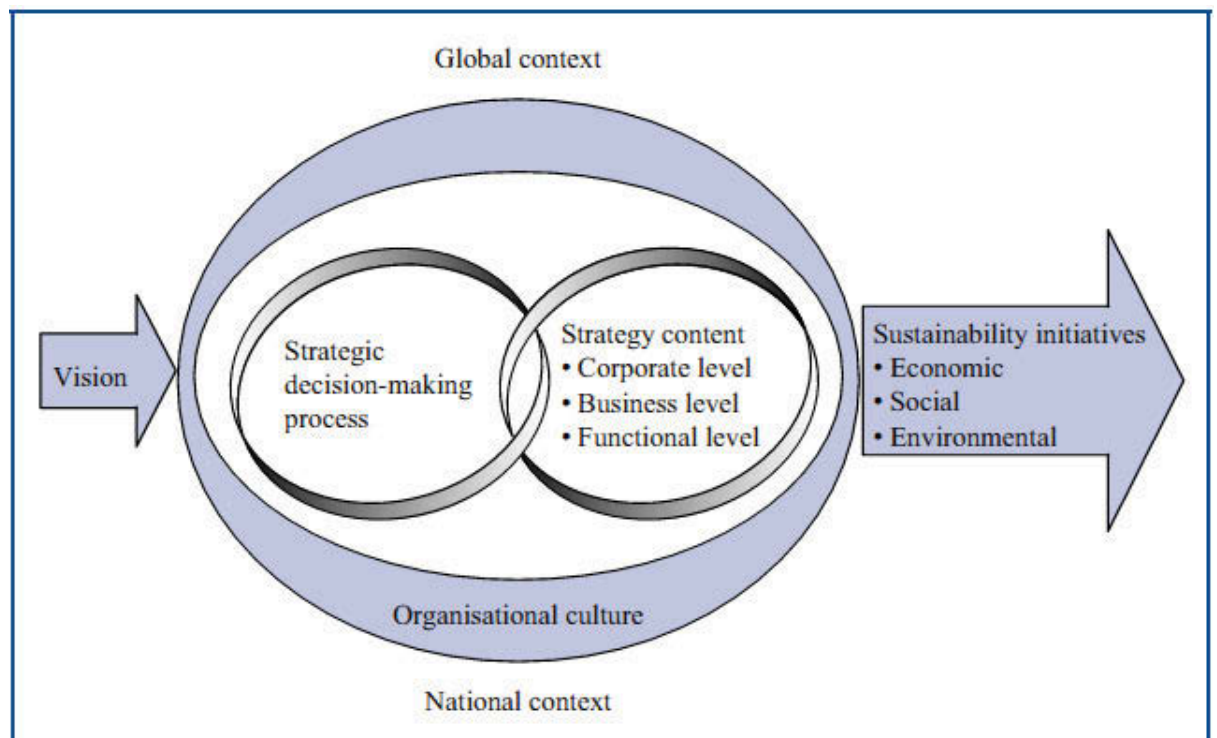
CER is usually implemented as part of a CSR program that encompasses governance, performance measurement, and reporting (Baumgartner 2013). It can be implemented as a comprehensive programme aimed at creating a ‘Sustaining Corporation’ (Benn, Dunphy & Griffiths 2014), or as part

of a strategy that focusses on relatively low-cost options to reduce environmental impact, aimed at gaining stakeholder approval or market advantage (Bebbington, Larrinaga & Moneva 2008). However, even the latter approach can be the start of a CSR journey (Milne, Kearins & Walton 2006), with CER providing ‘aspirational talk’ (Christensen, Morsing & Thyssen 2013) which the organisations then strive to achieve.

Organisational field drivers for CSR are considered to affect managers’ “mental models” (Basu & Palazzo 2008, p.124), and must be balanced with the established norms within an organisation to develop a CSR approach. The interpretation of organisational field influences for CSR into a specific organisation’s context can, therefore, produce diverse outcomes (Pérez-López, Moreno-Romero & Barkemeyer 2015), as organisations’ self-understanding varies (Tsoukas & Chia 2002). The approach can be through specific policy and implementation planning, or form part of an overall CSR Strategy (Engert, Rauter & Baumgartner 2016).

The diagram in Figure 5.1, from Bonn and Fisher (2011), illustrates this point.

Figure 5.1 – Link between External and Internal Drivers of Change for CSR (Bonn & Fisher 2011)



5.1.2 Organisation Approaches to the Implementation of CSR

The introduction of CSR can take a variety of approaches, on a scale from 'holistic' implementation involving transformational change to the use of CSR primarily as a marketing or political CSR, where companies are looking for competitive advantage (Frynas & Stephens 2015).

Implementation of CSR is complex, as it introduces an activity into the organisation that can be considered ambiguous (Weick 2003), as it is not focused entirely on profit (Banerjee 2008). This confronts managers with a new reality, meaning that existing routines and thought patterns may need to be adjusted to cope with the new ideas (Van der Heijden, Driessen & Cramer 2010). This may require the company to address 'soft' organisational issues, for example, values, visions, policies and change management practices, in its CSR approach (Benn, Dunphy & Griffiths 2014; Dopplet 2003).

Many authors implicitly assume that CSR programs are first planned and then implemented from the top down (Baumgartner 2013; Lozano, Nummert & Ceulemans 2016; Neugebauer, Figge & Hahn 2015). Leadership is, therefore, a key factor in linking external pressure and internal change for CSR. Directed change has been cited as inherent to the successful implementation of CSR and CER in organisations, often driven by autocratic leadership of the firm (Angus-Leppan, Metcalf & Benn 2010). A positive leadership attitude to CSR, expressed in visions or missions for the company (Baumgartner 2013; Bonn & Fisher 2011), is important to change for CSR if it is to move beyond the business as usual approach. A pro-CSR senior management attitude will also need to flow down to middle management in order to engender a culture for CSR, and to allow implementation and longer-term establishment within the organisation of CSR (Baumgartner 2013).

A criticism of many current CSR change approaches, including its incorporation into a strategic plan, is that it tends to be 'business as usual', an approach consistent with the dominant business paradigm: of financial gain, market benefit, risk reduction, or enduring competitive advantage (Bondy, Moon & Matten 2012). It has also been acknowledged that some organisations attempt to use strategic CSR to gain legitimacy (Benn, Dunphy & Griffiths 2014; Porter & Kramer 2006). Overall implementation of CSR has met with mixed success, with the literature review of CSR studies by Engert, Rauter & Baumgartner (2016) concluding that, "the identification of issues that influence the integration [of CSR] into strategic management, has failed" (Engert, Rauter & Baumgartner 2016, p.2833).

5.1.3 Categorising CSR Approaches

The approach of companies to the uptake of CSR has been observed to vary based on the level of commitment they are prepared to make. At the lower end of the commitment scale, products and services that are eco-friendly or that introduce corporate sustainability reporting schemes have been observed to be a low resistance way of incorporating CSR (Nathan 2010). A comprehensive implementation approach to CSR requires a high level of commitment, particularly if this is to achieve transformational change, where companies must incorporate CSR into all areas (Hahn 2013) of the business. Some organisations have chosen to implement CSR and become leaders as part of a company strategy (Lozano 2013b), as this creates competitive advantage by using CSR as a path to market differentiation (Engert, Rauter & Baumgartner 2016).

A useful framework for categorising approaches to ‘sustainability’ within organisations has been provided by Benn, Dunphy & Griffiths (2014), as shown in Table 5.1.

Table 5.1 (a) – Corporate Approaches to Sustainability (from Benn, Dunphy & Griffiths 2014) - Compliance Approach

Stage	Criteria
Compliance	Senior Manager appointed with authority
	Evaluate key legislative requirements
	Review existing operations
	Align programmatic changes
	Create feedback loops in critical areas
	Use auditing body to assess compliance

The compliance approach simply ensures that the organisation meets all its legislative and regulatory requirements, and has processes in place to ensure that all policies are adhered to (Benn, Dunphy & Griffiths 2014). Compliance is commonly acknowledged as a factor in the uptake of CSR, according to both Engert, Rauter and Baumgartner’s (2016) review and that of Aguinis and Glavas (2012). Successful management of CSR and its communication is seen as an internal driver for CSR, as it reduces operational and reputational risk (Lozano 2015; Pérez 2015).

Reduction of operational risk occurs through the management of environmental indicators, which reduces the risk associated with pollution events, and can also improve an organisation’s overall management of risk (Krysiak 2009). In fact, one theory used to study CSR and CER is reputation risk management theory (Pérez 2015), which sees CER as “both an outcome of, and part of the reputation risk management processes” (Bebbington, Larrinaga & Moneva 2008, p.337).

Table 5.1 (b) – Corporate Approaches to Sustainability (from (Benn, Dunphy & Griffiths 2014) – Sustainable Efficiency

Stage	Criteria
Sustainable Efficiency	Efficiencies found in periphery or poor performing areas
	Collate pilot projects and evaluate
	Increase capability development
	Monitor success and create stories
	Identify leverage points and generate support
	Extend program and work on problem areas

Sustainable Efficiency centres on financially based business cases or rational explanations for the implementation of CSR. These are commonly cited as reasons for its adoption, particularly in the management literature (Carroll & Shabana 2010; Elving et al. 2015). A number of researchers have observed that managers invest in CSR to achieve tangible benefits, in particular to maximize their profits (Engert, Rauter & Baumgartner 2016).

Cost reduction through CSR can be achieved through increased efficiency and reduced waste, through use of: Environmental Management Systems (EMS); improved productivity; waste and energy management systems; pollution prevention; and cost-saving projects (Bansal 2005, Schaltegger 2011, Windolph, Harms and Schaltegger 2013, Porter and Kramer 2006).

Table 5.1 (c) – Corporate Approaches to Sustainability (from Benn, Dunphy & Griffiths 2014) – Strategic Proactivity

Stage	Criteria
Strategic Pro-activity	Senior level support based on efficiency stage gains
	Diffuse strategic goals to all parts of organisation
	Allocate corporate resources to key areas
	Identify strategic alliances and emerging opportunities
	Create accreditation program
	Review strategies for performance

A number of studies also show that organisations adopt CSR as a strategy, and implement change for CSR as a strategic direction (Engert, Rauter & Baumgartner 2016). This is defined as the Strategic Proactivity stage, which requires that the approach to CSR has senior-level support, and is resourced across all key areas (Benn, Dunphy & Griffiths 2014; Martinuzzi & Krumaya 2013)).

The use of CSR programs in company marketing is becoming more widespread, as evidenced by the high level of research that resulted in this being one of the categories mentioned by Aguinis & Glavas (2012) in their review of CSR literature. Implementing CSR as a path to market differentiation, and potentially becoming market leaders in the field (Lozano 2013b), can create significant competitive advantage (Doh et al. 2009).

Strategic CSR effectively combines CSR with economic imperatives (Babiak and Trendafilova 2011), becoming a positive input to a business-case approach (Bondy, Moon & Matten 2012). The promotion of an organisation’s CSR program to consumers and investors is aimed at getting them to “reward the company’s engagement for sustainable development through their purchase and investment decisions” (Windolph, Harms & Schaltegger 2013, p.273). This ‘goodwill’ generated from the communication of CSR to the market can be leveraged across a variety of the firm’s brands (Wickert, Scherer & Spence 2016) to increase revenue.

Table 5.1 (d) – Corporate Approaches to Sustainability (from Benn, Dunphy & Griffiths 2014) – Sustaining Corporation

Stage	Criteria
Sustaining Corporation	Build on previous capabilities from early stages
	Focus on large-scale cultural change
	Use external parties
	Invest in product redesign and customer education
	Diffuse sustaining practices outside company

A number of researchers now concur that full implementation of CSR into an organisation, which results in a significant improvement in environmental performance, requires more radical change to shift organisations from a purely financial focus to one where CSR can be fully established (Dopplet 2003; Lindgreen & Swaen 2010; Martinuzzi & Zwirner 2010). The Sustaining Corporation is one that is considered to have adopted CSR as a strategy and is focussing on company-wide cultural change. The development of ‘sustainable’ products, and the diffusion of the CSR message outside the organisation, are key elements of the Sustaining Corporation.

5.1.4 Role for CER at Organisation Level

The relationship between CER and the development of an organisation’s approach to CSR is seen, firstly, in the present thesis through the role of reporting as a conduit of information between the stakeholders of the organisations and internal actors (Seele & Lock 2015).

CSR communication, including CER, is most often studied as communication across ‘boundaries’, from business to stakeholders and external publics, encompassing its use in government and NGOs (Aguinis & Glavas 2012; Castello & Lozano 2011). CER is the showcase for organisations to demonstrate, to stakeholders, employees and society in general, the operation of their CSR policy; and researchers have shown that actions to address stakeholder needs such as publishing a CER are taken “proactively to mitigate the risk any backlash or retroactively to integrate stakeholders’ demands” (Hawn & Ioannou 2016, online).

As addressed in Chapter 3, the extant literature confirms that one of CER's primary purposes is to communicate an organisation's CSR behaviour at the organisational field level, making their performance visible to stakeholders and society (Christensen, Morsing & Thyssen 2013; KPMG 2013). Importantly, at this level, CER can act as a conduit between the company and its external audiences, and so become a potential catalyst for internal change for CSR.

Importantly, there is also the potential for the CER to act as a feedback loop between the organisation and its stakeholders, which may increase the latter's pressure on the organisation to improve its sustainable behaviour (Lozano, Nummert & Ceulemans 2016). Producing a report will give visibility into the company's policy and performance, which allows organisations to be judged by stakeholders and motivates most CEOs to make a good impression (Petrenko et al. 2016).

CER has also been recognised as a starting point for planning organisational change for CSR (Lozano, Nummert & Ceulemans 2016), as CER produced to standards such as GRI could be used to guide the strategic plan for CSR (Adams & McNicholas 2007). Finally, CER can facilitate the CSR governance process, as CER contains the elements of policy, targets, and performance measurement (Kolk & Pinkse 2007; Searcy 2012) necessary for CSR.

5.1.4.1 CER as an External Communication Tool to create Transparency

The transparency of CSR policy and performance created by publication of a CER has been seen to put pressure on organisations and leaders to address change for CSR (Hawn & Ioannou 2016). CER is a form of self-presentation of an organisation's CSR policies, which places these within the context of other organisations' performance and society's view of the environmental climate change (Schultz, Castello & Morsing 2013). CER, produced to standards and audited, provides one of the most reliable sources of information (Bustami et al. 2013). However, stakeholders also realise that CERs are company communication vehicles, which will thus contain varying degrees of both formal and substantive rationales (Guthey & Morsing 2014); and that CER can be a vehicle for improving the public reputation of the organisation's communication (Pérez 2015).

Voluntary corporate communication of CSR, including CER, is now widespread in the organisational field and society, and provides the opportunity to "influence perceptions, in the minds of external, and primarily financial, stakeholders such as stock analysts, capital markets and institutional investors, regarding the future financial prospects of the firm" (Brammer & Pavelin 2008, p.121). Organisations promote an understanding of their CSR credentials using concepts such as 'brand value' to create an improved reputation (Schultz, Castello & Morsing 2013). Even benchmarking and auditing standards for CER, such as the Global Reporting Initiative (GRI), UN Global Impact, or Dow Jones

Sustainability Index, are often initiated by the industries and controlled by bodies installed by industries (Elving et al. 2015).

The relationship between CER and the development of an organisation's approach to CSR centres on the role of reporting as a communication vehicle for the CSR message to external audiences. CER, if produced according to accepted standards, contains a commitment to CSR, by an organisation, to the market, society and its employees, that is consistent with its approach (Arjaliès & Mundy 2013; Klettner, Clarke & Boersma 2014). Leaders are expected to ensure that the CER has credible policy targets and performance (Iivonen & Moisander 2015), and so achieve moral legitimacy (Seele & Lock 2015); which can lead to an assumption that they are more likely to introduce behaviours for CSR.

5.1.4.2 CER as a vehicle for Stakeholder Feedback

Shareholder activism is cited as one of the drivers of CSR behaviour (Lozano 2015), with NGOs such as Greenpeace regularly creating public awareness through powerful campaigns that drive shareholders' perceptions of an organisation (Schultz & Wehmeier 2010).

The publication of a CER can lead directly to accountability, with the CEO and managers being subject to scrutiny by their stakeholders (Petrenko et al. 2016). Some authors have seen CSR as being negotiated by the interaction of organisations and their stakeholders and publics, through communication (Cho et al. 2015; Schultz, Castello & Morsing 2013). Through stakeholder scrutiny, CER can, therefore, act to create the required tension between sustainability discourse and practice (Cho et al. 2015), which leads to adjustments within a CSR strategy. CER can also create a predetermining influence on CSR approach, as managers, CEOs and boards know in advance that the stakeholders and regulators will be looking for CSR transparency and policy, and a credible performance (Hawn & Ioannou 2016). As a result, even where the CER contains aspirational talk (Christensen, Morsing & Thyssen 2013) or is ahead of actual performance (Hawn & Ioannou 2016), it may act to drive change in order to meet stakeholder expectations for future performance.

CER has been shown to provide a mechanism for stakeholder feedback (Lozano, Nummert & Ceulemans 2016) to the organisation on the CSR policy and performance, as demonstrated within the report. To increase legitimacy, it is therefore considered beneficial for firms to engage with stakeholders to determine their perceptions of CSR and needs from reporting, so that the CER can match those expectations (Burritt & Schaltegger 2010; van Bommel 2014).

As Lozano, Nummertc and Ceulemans (2016) found, in their survey of 91 companies, the second round of CER drives change in the CSR and CER processes and results, in what the authors termed:

“Reciprocal reinforcing relationships, where Sustainability Reporting provides a starting point for planning organisational change for sustainability and organisational change for sustainability improves the reporting process”

Lozano, Nummert & Ceulemans (2016, p.13)

Stakeholder engagement is required for the production of a CER auditable to GRI standards (GRI 2016). Reynolds and Yuthas (2008) propose that CSR reporting is part of an ongoing discourse between a corporation and its stakeholders, claiming that existing reporting standards and guidelines, such as EMAS, ISO, and SA 8000, reflect Habermasian principles applied so that readers can evaluate corporate communications as part of a perceived social contract.

5.1.4.3 CER to Support CSR Approach

As discussed above, the literature shows that the primary way in which CER can be utilised to support an organisation’s approach or strategy to CSR is by communicating the key elements of this approach to stakeholders, the market place and employees (Engert, Rauter & Baumgartner 2016). This is most clearly effective where an organisation is looking to promote its CSR credentials to gain a positive reputation and gain market advantage (Pérez 2015). It is here that CER allows organisations to showcase polices and performance, as well as promote any internal application of their products and services. However, CER can also position a company’s CSR approach simply to demonstrate to the public the internal practice of CSR management, as even this in itself can result, over the long term, in better company performance (Reimsbach & Hahn 2015). CER is an ideal vehicle to communicate and so support the CSR approach because, assuming the report is produced according to accepted standards, it should contain a commitment, by the organisation to the market and society, to CSR policy, targets and performance that is consistent with its approach (Arjaliès & Mundy 2013; GRI 2016; Klettner, Clarke & Boersma 2014). Conversely, an organisation that promotes itself as a leader in the market place risks exposure of the external reporting if the position does not reflect internal behaviours (Reimsbach & Hahn 2015).

5.1.4.4 CER to Guide CSR implementation

CER has been recognised as a starting point for planning organisational change for CSR (Lozano, Nummert & Ceulemans 2016). This has been assisted, in the last two decades, by the move towards standardisation. GRI, for example, can provide guidance in setting up the CER; which, in turn, influences the CSR processes of the organisation, as CER is not a stand-alone activity (Adams & McNicholas 2007; Lozano 2013a; Pérez-López, Moreno-Romero & Barkemeyer 2015).

The requirements of the CER, therefore, provide a framework to structure the processes and outputs for CSR. A report produced to an accepted standard contains the essential elements of policy, targets and performance measurement for CSR (Searcy 2012); which, in turn, provide direction in the selection of CSR activities. Vigneau, Humphreys and Moon (2015) case study reveals that ‘standards’ adoption can lead to changes in management practice including:

- specifically influencing the management structure and CSR committee function;
- the choice of CSR activities;
- the relationships between subsidiaries;
- the temporal dimension of CSR management and the interpretation of CSR performance.

CER can also assist in the integration of CSR into organisational planning and decision making (Adams & McNicholas (2007). KPIs in the CER facilitate the incorporation of CSR data into the decision-making and risk-management systems of an organisation (Adams & Frost 2008; Stacchezzinia, Melloni & Lai 2016), and are increasingly being integrated into strategic management plans and risk management (Adams & Frost 2008).

The use of CER as a contributor to planning CSR implementation was convincingly examined by Adams and McNichola (2007), in their Action Research on Victoria Water in Australia. The introduction of a new CER, using Lewin’s model of planned change, resulted in the “integration of sustainability issues into organisational planning and decision making” (Adams & McNicholas 2007, p.397). Most recently, research by Richter and Arndt (2016), on governance and sustainability accounting, supports the finding that these indicators, as part of the reporting process, aid the implementation of CSR.

Experts have, however, begun to express concern about how much genuine transparency is created by the use of current standards, and whether the activity generated by CER produced to these standards is of genuine benefit for CSR (Vigneau, Humphreys & Moon 2015). This is partly because standards remain voluntary, and “leave room for adjustments and more favourable ways of presenting non-financial performance” (Knebel & Seele 2015, p.197); and because standards have focussed on

the external parties' needs (Stubbs & Higgins 2014). The more recent IR approach aims to address this, by integrating corporate sustainability with other areas of the business operation.

5.1.4.5 CER as part of the Governance Process

CER can form part of the governance and monitoring of CSR performance in an organisation (Klettner, Clarke & Boersma 2014). The implementation of CSR requires measures and instruments to make complex CSR processes more visible and manageable (Hanke & Stark 2009). This is assisted by the implementation of a CER where processes required to create the quality in the CER, and for the report to be judged by stakeholders, also create visibility and a structure for management of CSR issues (Adams & Frost 2008; Amran, Lee & Devi 2014). In fact, Htay et al. (2012, p.19) propose that CER, through the creation of transparency, is “an integral part of corporate governance”, allowing improved information flow between shareholders and management. CER data can become part of governance and management control systems, with specific indicators used to monitor CSR compliance and performance, to support decision making, and to motivate continuous improvement (Burritt & Schaltegger 2010).

In addition to creating the monitoring data for CSR, CER also introduces a regular process for monitoring performance against targets. This can be implemented by sustainability professionals (Vissier & Crane 2010), or in self-organized, grass-roots and cross-functional teams (Neugebauer, Figge & Hahn 2015), who address the department-level aspects of CER introduction, and in doing so address similar issues for CSR. The process of data monitoring will require collaboration between a broader group of employees, and will remain in place over time (Lozano, Nummert & Ceulemans 2016); and so could be expected to encourage employees to look for change that improves both the data collection and potentially the CSR performance itself. This is important, as revealed in Larrinaga-Gonzalez and Bebbington's (2001) research into a Spanish electricity company's attempt to become more pro-environmental, that the failure of this project was that the new process was seen as the responsibility of a single department and not the whole organisation.

5.1.5 Implications for this Study - Organisation Level

The organisational approach to CSR has been shown, in Section 5.1, to be able to provide a link between the external drivers for CSR and the internal approach to CSR implementation. Companies approach CSR, most frequently, from a pragmatic or business-case perspective, which results in the introduction of incremental, although not transformational, change for CSR. CER has been shown to support an organisation's CSR approach by acting as a vehicle to communicate this CSR approach

to stakeholders. Implementation of the CER can create processes for performance monitoring and governance that are synergistic with change for CSR.

There are two key questions for the present empirical research, on how CER could facilitate embedding of change for CSR, that derive from this review of the literature on CSR and CER at organisational level where it acts as a potential conduit between stakeholders and the organisation. These are:

- *Can the transparency associated with publishing a CER encourage the creation of an internal CSR approach to ensure legitimacy?*
- *Can it be established that external input and/or feedback to the study organisations on CSR results in modification of the CER or change for CSR?*

The key questions for the research into the role of CER at the organisational level to support the organisations' approach for CSR are:

- *How does CER support the CSR approach of companies?*
- *Can CER, through the use of recognised standards, provide the structure of CSR approach and assist the governance and performance-monitoring process?*

5.2 Internal Level - Embedding Change for CSR

Organisational change for CSR is a broad subject, with change in organisations long acknowledged to be “complex continuous, iterative and uncertain” (Dawson 1994; Lozano 2013b, p.277; Pettigrew & Whipp 1991). To date, there is little accepted clarity on how CSR should be incorporated into business as, Baumgartner (2013, p.259) states: “there seems to be still a black (or at least grey) box in management about how to develop, implement, control, and improve corporate sustainability strategies”. The embedding of change for CSR internally into an organisation, especially as a strategic initiative, is considered essential for a change in behaviour that results in tangible benefits for the environment (Engert, Rauter & Baumgartner 2016; Milne & Gray 2013). As discussed previously, authors considering both CSR and CER posit that, to have a significant effect, organisational change for CSR needs to be across departments and be transformational (Benn, Dunphy & Griffiths 2014; Lindgreen & Swaen 2010). The review in this section, therefore, focusses on high-level approaches to organisational change, to provide a basis upon which to study how CER could facilitate change for CSR; and specifically, examining two concepts: the change management approach and sensemaking.

Understanding of the processes and motivation for embedding CSR is still in the early stages of development, from a management, and therefore a research, perspective (Bondy, Moon & Matten 2012; Gond et al. 2012; Windolph, Harms & Schaltegger 2013). Relatively few organisations have successfully redesigned their overall processes and systems to incorporate CSR (Dopplet 2003; Richter & Arndt 2016; Siebenhüner & Arnold 2007); possibly because embedding the non-financial principles of CSR into for-profit organisations is a challenging undertaking (Lozano 2015). However, most of those involved in CSR agree that its adoption requires coordination across an organisation and the involvement of a number of departments and processes (Arjaliès & Mundy 2013). This is particularly significant in MNEs, with their varied organisational field and distributed organisational structure (Marano & Kostova 2016).

Change management and process change have been widely studied in the broader management literature (Dawson, 1994), as well as for CSR (Engert, Rauter & Baumgartner 2016). The adoption of CSR, in particular the CSR strategy, has been shown to be influenced by the overall change management approach of an organisation (Neugebauer, Figge & Hahn 2015), and can only be achieved through process change at the operational level (Bondy, Moon & Matten 2012; Gond et al. 2012). This section reviews the change management approaches and processes used for CSR, described in the extant literature, as well as those studies that have examined the role of CER in change for CSR.

Sensemaking, the process by which individuals understand a confusing or novel event (Weick 1995), is a growing area of study in CSR (Angus-Leppan, Metcalf & Benn 2010; Maitlis & Christianson 2014). The concept of sensemaking can help understand the theoretical gap between the macro external forces and how these are actually interpreted within the organisation (Schultz & Wehmeier 2010; Turner & Boyns 2006). Intrinsic to sensemaking is the process of communication, which is also the primary purpose of CER. There is, however, limited information in the extant literature on CER, on its role in sensemaking; and it is this gap that the present thesis aims to address.

5.2.1 Organisational Change Management Concepts

Organisational change aims to move organisations from the current state to a more desirable one (Ragsdell 2000); and ranges from small evolutionary changes to radical transformational ones (Dawson 2003; Doppelt 2003; Dunphy & Stace 1993). The history of change management has been documented by many authors, and varying taxonomies developed. Formal change management is acknowledged to have originated with Taylor (1914), who introduced the 'Piece Rate System' to improve the efficiency of shop-floor operations (Al-Haddad & Kotnour 2015). Since then, a significant number of change methods have been developed (Zook 2007), which include overall

integrative approaches and systematic methods (Burnes 2009; Choi 2011; Gioia et al. 2013). Organisations and consulting firms now employ a vast array of different approaches, which range from the systematic, for example Six Sigma and Lean, to the established, overarching change management approaches of Kotter (1996) and Deming (1986).

Dawson (2003) identifies some common themes within change management frameworks, as follows:

- the movement of organisations from present to future state and the timeframe for that change;
- the scale or scope of change, i.e. incremental or transformational (Dunphy & Stace 1993);
- whether accepted or challenged by staff;
- the substantive element targeted by the change, e.g. cultural change, new technology.

Traditionally, change in companies has been driven by managers and consultants, with employees and subordinates positioned as the recipients of change (By 2005; Zink 2007). Change directed by senior management usually includes mission and vision statements (Porter & Kramer 2006), and targets internal and external stakeholders (Martinuzzi & Krumaya 2013). Kotnour (2011) notes that a strategic, systematic approach to change allows firms to retain the necessary skills to successfully complete their work processes, and so avoid losing organisational memory, knowledge, and skill to perform the work.

Sadly, however, a failure rate of around 70 per cent of all change programmes is reported (Balogun & Hope Hailey 2004). Burnes (2004) suggests that this may be due to a lack of understanding of how to implement and manage organisational change, due to the wide variety of often contradictory and confusing theories, concepts and approaches available. In addition, management-led initiatives have not always accounted for subcultures within organisations (Linnenluecke, Russel & Griffiths 2009), or have failed to engage with established organisational systems (Lozano 2012).

5.2.2 Change Approaches for CSR

The need for “sustainable development” is the “major organisational change challenge that contemporary businesses face” (De Matos & Clegg 2013, p.382). There remains considerable debate about how to develop, implement and control CSR implementation (Aguinis & Glavas 2012). Until recently, little academic literature has considered the organisational and practical aspects of CSR implementation by an organisation (Lindgreen & Swaen 2010); and researchers still comment that there is a lack of an agreed ‘holistic’ model to review CSR or CER implementation (Lozano 2015).

The introduction of CSR is complex (Lozano 2013b), and has been described using the metaphor of a journey (Milne, Kearins & Walton 2006), which involves a learning process by each company (Cramer 2005). Leaders need to develop a “company-specific balance between people, planet and profit” (van der Heijden, Dreissen & Cramer 2010, p.1787), which progressively integrates CSR into an organisations’ decision-making processes, utilising appropriate change approaches (Maon, Lindgreen & Swaen 2010).

The implementation of CSR can be facilitated through use of the substantial range of change management expertise and approaches. It has been studied using both Planned and emergent change theories, with researchers looking at specific aspects of each approach (Benn, Dunphy & Griffiths 2014; Neugebauer, Figge & Hahn 2015). A review by By (2005, p.373) comments that, “the literature is dominated by Planned and emergent change” (By 2005 p373). More recent approaches to change yet to be widely realised for CSR include the concept of the organisation being in a continuous state of change (Tsoukas & Chia 2002), and the successful application of transformational change (Benn, Dunphy & Griffiths 2014; Martinuzzi & Zwirner 2010).

5.2.2.1 Planned Change

Planned Change is steered by management, although it should remain inclusive of those employees involved and allow for the human aspect and morale (Burnes 2009; Dawson 2003). The Planned Change approach developed from early-20th century pioneers. This includes Taylor, who developed ‘Scientific Change’, which was concerned with process change and the allocation of labour (Burnes 2009; Dunphy & Griffiths 1998). The Human Relations change approach was advanced in the 1930s, focussing on the importance of human aspects, contemporarily seen as being emotions and complex human needs (Hanke & Stark 2009), rather than purely economic-rational imperatives (Dawson 2003). Organisations were recognised as cooperative, social systems composed of informal structures, rules and norms, as well as formal practices and procedures (Burnes 2009). One of the founders of this ‘humanistic’ approach, Kurt Lewin (1947), is reported to have been of the view that:

“Change was less about achieving a particular objective per se and more about individuals and groups learning about themselves, and in so doing being prepared of their own volition to change their behaviour”

Burnes (2009, p.366)

The Planned change approach uses pre-defined, predictable steps in managing and implementing change. For example, Lewin's Planned approach starts with unfreezing the current state of the organisation by creating incentives. The approach then implements changes facilitated by change leaders, and ends with refreezing the state when the organisational desired change has been reached (Lewin 1947). Lewin stressed the need to include dialogue in solving problems; and believed that successful problem solving requires active participation of staff in understanding the problem, finding a solution, and implementing it (Al-Haddad & Kotnour 2015; Burnes 2009). A number of change approaches have followed on from Lewin, for example, Deming (1986) developed the plan-do-study-act (PDSA) cycle, which remains one of the most popular problem-solving methods and continues to be applied today (Al-Haddad & Kotnour 2015). Historically, a key factor in these approaches has been that they have been "managed from the top" (Oswick 2013 , p.375).

Planned change formed the basis of the Organisation Development (OD) movement, which has been widely applied in a variety of change approaches (Dunphy & Stace 1993). The OD approach draws on Lewin's methods of highly planned change (Dunphy & Griffiths 1998), with a systematic, goal-oriented approach to change over a set time (Burnes & Cook 2012; French & Bell 1999).

The study of Planned change in CSR is not as widespread as could be expected, as many authors implicitly assume that corporate sustainability strategies are first planned and then implemented from the top down (Neugebauer, Figge & Hahn 2015). OD models have been used by researchers to examine how the new and complex concepts of CSR can become embedded in organisations and 'deinstitutionalise' the established, primarily financial paradigms, effectively unfreezing the organisation (Benn & Baker 2009). Early approaches were thought to be limited in effect, as they were constrained by the complexity of CSR issues and subsequent resistance to change (Lozano 2013b; Neugebauer, Figge & Hahn 2015); however, third-generation OD approaches, which are more holistic (Benn & Baker 2009), are seen to be more suitable for CSR, which needs a more comprehensive approach (Martinuzzi & Krumaya 2013).

As previously discussed, implementation of CSR has been commonly driven from senior management, therefore, leadership is considered critical to its success (Angus-Leppan, Metcalf & Benn 2010; Engert, Rauter & Baumgartner 2016). The influence of senior managers, in particular the CFOs, has been observed to be a key driver for the implementation of environmental principles in organisations (Adams 2015; Emerson et al. 1997). In fact, it has been proposed that the main internal driver for CSR is leadership (Ditlev-Simonsen & Midttun 2011). Lozano, Nummertc and Ceulemans (2016, p.3) went so far as to comment that approaches to CSR that are "top-down, emphasising management, measurement and control" constitute most of the studies in the literature.

It follows that the cognitive beliefs of a CEO or top managers (Amran, Lee & Devi 2014; Scott 2001) affect organisational decisions and behaviours (Chatterjee & Hambrick 2007). What has been termed “CEO narcissism” is thought to have a positive effect on the implementation of CSR, as individuals wish to appear successful to their peers and stakeholders (Petrenko et al. 2016 , p.262). As Higgins, Stubbs and Love (2014) observe, pressure is on CEOs to keep up with peers, because their legitimacy as a leader is at stake.

5.2.2.2 Emergent Change

In recent research into CSR, in common with organisational change study in the broader context, emergent change theory has increased in significance (By 2005; Hahn, Pinkse, et al. 2014). The emergent approach takes the view that change cannot be fully planned, and that managers must be acutely aware of all internal and external forces of their organisation in order to react quickly and employ any changes necessary (Kennedy 2004). Planned change is considered to be limited, as it attempts to control environmental pressures; whereas emergent change effort utilises and even enhances these factors (Liebhart & Garcia-Lorenzo 2010; Livne-Tarandach & Bartunek 2009). Therefore, there is a perceived need to balance traditional, planned or systematic change methods with the unpredictability of change; which has led to approaches that acknowledge emergent change (Livne-Tarandach & Bartunek 2009).

As Dawson (1997) states:

“In managing these transitions practitioners need to be aware of: the importance of power politics within organizations as a determinant of the speed, direction and character of change; the enabling and constraining properties of the type and scale of change being introduced”

Dawson (1994, p.180)

Emergent change was introduced in part to address change that occurs over time rather than focussing on planned events, and as it is inclusive of overlapping and complex organisation-wide issues (Burnes 2009; By 2005). Emergent change assumes that change is a “continuous, open-ended and unpredictable process of aligning and realigning an organisation to its changing environment” (Burnes 2009, p.372). Rather than being sequential, change can occur simultaneously across the organisation or programme (Liebhart & Garcia-Lorenzo 2010). This acknowledgement allows the

emergent approach to cope with the unpredictable nature of change, and allows for the occurrence of unplanned events that can originate within the organisation or from the environment. The emergent approach, therefore, accepts that senior managers are unable to effectively identify, plan and implement all the necessary organisational responses for change within the timeframes required (By 2005). The responsibility for organisational change, consequently, becomes devolved to others within the organisation who are prepared to embrace change (Battilana, Leca & Boxenbaum 2009).

As the fluid nature of change is managed through a more flexible approach in an emergent change approach, this allows the change process to alter over time (Kennedy 2004). Despite this emergent change, practitioners often base their work on that of Kotter's Leading Change model (Kotter 1996), which brought corporate culture into focus for change management (Dunphy & Griffiths 1998). The first step is key to the process, as it establishes a need for change, with the remainder of the steps emphasising communication and employee involvement (Al-Haddad & Kotnour 2015). There are many other change models that have been proposed to facilitate emergent change and offer practical guidance. A typical example is 'Change Masters' from Kanter (1984), which is typical of many approaches in that it evolved into Kanter, Stein and Jick's change method and Luecke's (2003) suggested 'Seven Steps' (Al-Haddad & Kotnour 2015).

Some theorists argue that emergent change allows organisations to cope with more rapid change and the associated complexity and uncertainty of the environment, and so is thought to be more appropriate for CSR (Dunphy & Stace 1993). One approach to emergent change thought to be applicable for CSR is as emerging strategy, using for example the 'strategy as practice' model of Jarzabkowski, Lê & Feldman (2012). Here, strategy emerges over time, developed through the organisations allowing staff to drive sustainable practices and projects, rather than it coming solely from top management (Sharp & Zaidman 2010). Stokes and Harris (2012, p.595) propose that consistent individual micro-moments of "good behaviour"-based decision making are required across an organisation for implementation of CSR; which would also require the use of an emergent approach.

Many emergent change studies in CSR have concentrated on the work of change agents, and 'champions', who are particularly committed to CSR and who assist emergent change (Anderson & Bateman 2000; Prakash 2001). The place of middle managers is also being increasingly recognised (Maon & Swaen 2009; Sharma & Good 2013); therefore, an important consideration is the empowerment of managers to bring about emergent change for CSR. As noted by Higgins, Stubbs and Love (2014, p.1111), in their study on IR, "managers simply do not have the agency or the responsibility for bringing about fundamental organisational change". Individual managers' attitudes to CSR are also significant, as Markusson (2010) found that personal pro-environmental attitudes

were significant motivators and clearly influenced their decision making (Neugebauer, Figge & Hahn 2015).

This 'bottom-up sustainability' approach that develops with emergent change for CSR often includes so-called green teams, or 'Sustainability Champions' (Maon & Swaen 2009; Markusson 2010), who can either initiate, or be empowered by management to drive, change. These champions tend to operate as self-organized, grass-roots and cross-functional teams, where employees run sustainability projects in their organisations (Neugebauer, Figge & Hahn 2015).

The perceived reliance on the skill of change agents to manage power and politics, in preference to the more democratic process of Planned change, has, however, concerned some authors (Burnes 2009). This is particularly true of the CSR arena, where ethics is a primary concern (Banerjee 2007; Sharma & Good 2013).

5.2.2.3 Change as a Continuous process

An alternative approach to change is the concept of the organisation being in a continuous state of change, where organisations do not reach the 'static' state envisaged by Planned change, but rather are in a state of "organisational becoming" (Tsoukas & Chia 2002 , p.567). The concept of ongoing change encompasses the fact that individuals in the organisation interact with the environment and each other (Kennedy 2004), leading to unpredictable outcomes that make planning an entire change program unrealistic (Liebhart & Garcia-Lorenzo 2010).

This continuous change in part results from organisations being in a state of 'dis-equilibrium', between the external pressures and the internal change response, with an ongoing need to continue to adapt (Liebhart & Garcia-Lorenzo 2010). Senior management often respond through an attempt to move the organisation to a more desirable state, using change initiatives and the use of a 'vision statement' and strategy to achieve this (Kennedy 2004).

There appears to have been little formal research into continuous change in the corporate sustainability field, and it does not feature in reviews by Engert, Rauter and Baumgartner (2016), Fifka and Berg (2014) or Aguinis and Glavas (2012). Writers have suggested that there is, in fact, a continuum from planned to emergent change, or that both forms can be utilised contemporaneously to facilitate strategic change for CSR (Benn, Dunphy & Griffiths 2014; Neugebauer, Figge & Hahn 2015). Emergent change can work in a complementary fashion with Planned approaches, with top management planning an 'umbrella strategy' to encompass both action and embedding of change (Jarzabkowski, Matthiesen & Van de Ven 2009).

5.2.2.4 Transformational Change

A number of researchers now concur that full implementation of CSR into an organisation that results in a significant improvement in performance is thought to require more ‘radical’ change, to shift organisations from a purely financial focus to one where CSR can be fully internalised (Benn, Dunphy & Griffiths 2014; Dopplet 2003; Milne, Tregidga & Walton 2009; Stubbs & Higgins 2014).

Transformational change has the potential to fundamentally change the organisation, as stated below:

“Transformational CSR ... does not focus on gaining a specific competitive advantage by implementing CSR, but on fostering the abilities, which form the basis of these advantages: the ability of an organization to develop its capabilities for reacting in a flexible way on social, ecological, and economical requirements and to continue with progress”.

Martinuzzi & Krumaya (2013, p.436)

Transformational change is most commonly led by senior management (Dunphy & Griffiths 1998). It requires coordination across functional areas (Lauring & Thomsen 2009), as the division of tasks requires specialized functions, and to overcome information and communication barriers (Windolph, Harms & Schaltegger 2013). In this scenario, as in emergent change, what follows is the importance of middle management to the embedding process of either emergent or transformational change, as it is here that the change must be carried through (Larrinaga-Gonzalez & Bebbington 2001). Organisations need to nurture individual-level capabilities to ensure that middle management is capable of implementing positive social change (Sharma & Good 2013).

Transformational change for CSR can also be theorised to fit with the current business paradigm, in that it can offer a potential competitive advantage (Arjaliès & Mundy 2013; Martinuzzi & Krumaya 2013). Organisations that integrate CSR are thought to be able to adapt quickly to new challenges (Vilanova, Lozano & Arenas 2009) .

5.2.2.5 Integrating Change Approaches for CSR

There remains considerable debate in the extant literature about the appropriate approach for change for CSR. Some authors argue that the complexity of change for CSR requires a more comprehensive

approach than those traditionally applied (Elliot & Binney 2008; Schaltegger, Beckmann & Hansen 2013). CSR may be more likely to be adopted with less resistance if it is not imposed; however, paradoxically, directed structural interventions can produce organisational structures more amenable to emergent change (De Matos & Clegg 2013).

The 'ethical foundation' is a key consideration for change for CSR. OD, which derives from Lewin's humanitarian perspective, is considered to be more compatible with the aims of CSR, unlike the emergent approaches that require change agents to manipulate or coerce those involved (Burnes 2009). However, early versions of OD are not thought to have the capacity to address the complexity of CSR or to drive the radical change (Driscoll & Starik 2004) required to implement "ecological values such as intergenerational equity and interconnectedness" (Benn & Baker 2009, p.385); whereas emergent strategies could allow organisations to address the complexity of sustainability problems (Neugebauer, Figge & Hahn 2015).

Integrating planned and emergent approaches for CSR development has, therefore, been considered (Benn, Dunphy & Griffiths 2014). In fact, recently authors suggest that the rapid change, connectivity and complexity in today's competitive environment means that it is imperative that companies balance planned structural change with more responsive, emergent and continuous approaches (Liebhart & Garcia-Lorenzo 2010; Livne-Tarandach & Bartunek 2009).

Flexibility in change management approach could allow managerial views to evolve and ethical decisions to emerge, and so assist the shifts in organisational culture over time that are required for CSR (Lindgreen & Swaen 2010). In practice, a "pragmatic planning approach" has been posited, where emergent new initiatives have been seen to be launched at lower management levels; and if successful, top management incorporate these initiatives into a Planned approach (Baumgartner 2013, p.267).

Change for CSR can also be seen to operate along a continuum. Project-oriented CSR is considered a first step towards sustainable management (Benn, Dunphy & Griffiths 2014). Projects were traditionally seen as a Planned change directed by management; although scholars are now examining employee-driven projects as a facet of emergent change (Sharp & Zaidman 2010). Many companies approach CSR by initiating a social or environmental project; however, if these are not a focus of the companies' activities, there is no persistent culture or process change (Martinuzzi & Krumaya 2013). Consequently, there remains debate as to whether this evolving approach can bring about transformational change; that is, companies fundamentally rethinking their views about strategy, technology and markets, and translating this into company activity change (Lindgreen & Swaen 2010).

5.2.2.6 Systematic Change Methods Commonly used for CSR

The implementation of CSR in many organisations, in particular multi-national corporations, has been observed to be largely undertaken using tools, frameworks and processes that are established within their businesses (Bondy, Moon & Matten 2012; Gond et al. 2012). Businesses are acknowledged to implement CSR primarily using the methods with which they are familiar (Engert, Rauter & Baumgartner 2016). However, there is a confusing list of models and suggestions for change available to managers (Lindgreen & Swaen 2010); and operational implementation of CSR has tended to become the domain of business consultants, accounting firms, and authors (Zink 2007):

“The last decade has witnessed mushrooming of consultants variously modifying and repackaging change concepts and theories.... If they are successful in popularising their change initiatives... then this can stimulate more widespread implementation”.

Dawson (2003, p.6)

Change programs are often justified by business cases, and are therefore conducive to the use of established systematic change methodologies, such as TQM or the implementation of ISO standards (Martinuzzi & Zwirner 2010; Tan & Zailani 2009). However, the success rate of systemic management change initiatives in the literature has historically been as low as 30 percent (Beer & Noria 2000), and is not improving, according to recent reviews by Jacobs, Witteloostuijn and Christe-Zeyse (2013) and Jansson (2013).

There are a vast array of change and process improvement methodologies that form part of the ‘change management discipline’ as defined by Fayol (1950); many of which derive from approaches in the academic literature (Al-Haddad & Kotnour 2015; Maas & Reniers 2014). This progression of methods arguably started with TQM (Deming 1986; Dunphy & Griffiths 1998), which was then replaced by the Balanced Scorecard (Kaplan & Norton 1996), then by Six Sigma (Harry & Schroeder 1999), and later by Lean (Womack & Jones 2003).

Companies that implement CSR through systemic management systems generally focus on processes for increasing quality, efficiency or the elimination of waste, and can utilise auditing as part of the process, which develops a more professional approach to CSR (Martinuzzi & Krumaya 2013). The use of the systemic-based methods to implement CSR is a common approach in the business

literature, and has been considered in some academic publications (Zink 2007). The methods that have been studied for CSR include, but are not limited to, the following:

- TQM (Zink 2007);
- Balanced Scorecard (Adams & Frost 2008; Maas & Reniers 2014);
- implementation of environmental standard ISO 14001 and quality management systems ISO 9001 or standards and guidelines for social accountability such as 8000 (SA 8000), and the British standard (Engert, Rauter & Baumgartner 2016);
- management systems for CSR (Engert, Rauter & Baumgartner 2016; Hahn 2013).

Processes used to implement CSR for efficiency tend to reflect those used more widely in the organisation, and are applied using the established business-as-usual paradigm of cost reduction (Bondy, Moon & Matten 2012). However, Engert's (2016) comprehensive review found virtually no authors who considered the efficiency-based management consulting approaches in relation to CSR - the only reference cited was to Six Sigma. This is perhaps an area for further study, as Matten & Moon (2005) consider that efficiency methods can bring transformational change, which allows the whole organisation to adapt to environment or technology change. This could be appropriate for CSR, as the field is uncertain; therefore, managers tend to consider using practices such as business re-engineering that are regarded as best practice in their organisational field (Martinuzzi & Krumaya 2013).

5.2.3 Change approaches for implementing CER

The examination of change approaches for implementing CER is limited in the extant literature (Stubbs & Higgins 2014). This may be because the implementation is usually in conjunction with that of a CSR program, and therefore the approach would be dictated by that taken overall. Existing studies show that CER is introduced through the setting up of internal processes (Higgins, Stubbs & Love 2014) based around the requirement to gather information across departments (Lozano, Nummert & Ceulemans 2016). These processes include:

- Ownership of process (Stubbs & Higgins 2014) and governance, including steering Committees (Adams 2002; Fifka 2013);
- Stakeholder engagement (Adams & Frost 2008; Adams & McNicholas 2007; Wild & Staden 2016);
- Integration of performance data into other processes such as strategy and risk management (Adams & McNicholas 2007) and 'accounting practice' (Bebbington & Larrinaga 2014);

- Negotiation between departments to create the CER (Frostenson, Helin & Sandstrom 2012; Lozano, Nummert & Ceulemans 2016; Stubbs & Higgins 2014).

Planned change has been applied to the implementation of CER and its effect on organisational CSR. Adams and McNicholas (2007) used Lewin's 3-step model, combined with Action Research, as a framework to successfully identify the forces that were driving the implementation of CER, and its potential place in facilitating CSR. This theme was further developed in a 2009 study that used Lewin's model, specifically looking at Mises cognitive dissonance and freezing and unfreezing (Adams & Whelan 2009). The forces for unfreezing were identified as being largely external organisations such as NGOs and other powerful stakeholders who can put companies under pressure and force them to react (Aaltonen & Sivonen 2009). Internally standards such as GRI assisted the CER implementation. More recently, work on the implementation of CER was undertaken by Stubbs and Higgins (2014), in a study of IR in 23 Australian organisations. Two approaches were found, where the report was either pushed as a tool to facilitate CSR; or pulled to be used to report on CSR where it was already integrated into the business (Stubbs & Higgins 2014).

5.2.4 CER to Create Direct Organisational Change for CSR

There are three areas that have observed in the literature where CER can introduce processes that directly assist in embedding change for CSR. Firstly, CER is seen primarily as a company discourse used to create awareness of CSR and the company CSR approach (Pérez-López, Moreno-Romero & Barkemeyer 2015), and to provide an impetus for change and assist learning amongst staff (Adams & McNicholas 2007) that is required for CSR (Benn, Edwards & Angus-Leppan 2013). Secondly the CER processes also increase staff awareness of CSR performance, and collecting data and collating a CER needs the collaboration of leaders with staff and between departments (Lozano, Nummert & Ceulemans 2016).

Lastly, CER introduces a regular process for monitoring performance against targets that are created by management (Burritt & Schaltegger 2010). In this context, CER can be seen as effective in driving CSR, as it introduces incremental change to the organisation (Higgins, Stubbs & Love 2014).

5.2.4.1 CER Creates Awareness of CSR

CER as an internal organisational communication tool has the potential to increase awareness of CER so facilitate adoption (Pérez-López, Moreno-Romero & Barkemeyer 2015). A report produced to accepted standards such as GRI also contains information about CSR company policy and measurement, which can inform staff about corporate sustainability and how it applies to their organisations. This mechanism was observed by Adams and McNicholas (2007), who found that:

“Sustainability reporting was a learning process for both senior management and the Team responsible for preparing the Annual Report”.

Adams and McNicholas (2007, p.397)

Increased awareness of CSR processes or ideas is essential, as to form part of organisational culture, the concept of CSR must be diffused through the organisation (Green 2004). CER can provide information to all members of the organisation on policy and performance. Pérez-López, Moreno-Romero & Barkemeyer (2015, p.730), whilst undertaking their case studies, saw CER as “a participatory process involving communication, dialogue, decision and learning” requiring that information is discussed and that goals are challenged.

5.2.4.2 CER increases collaboration for CSR

The implementation of a CER requires the involvement of staff and managers from differing functions across an organisation, including the CEO and various management levels, although this activity is often focussed on the CSR team (Stubbs & Higgins 2014). If this does not occur across the organisation, and integration across departments is not encouraged, then embedding is less likely (Adams & Frost 2008; Price 2008).

A recent survey by Lozano, Nummertc and Ceulemans (2016) indicates that CER is an organisational activity that can involve various departments and functions including:

- Corporate Responsibility department and environmental affairs;
- human resources;

- public relations and marketing;
- compliance;
- senior management.

CER implemented by change agents (Neugebauer, Figge & Hahn 2015), requires the resolution of department-level issues which assists with similar issues for CSR. The involvement of leaders is seen as significant by Higgins, Stubbs and Love (2014), when looking at the implementation of IR. Their findings indicate that CER has the potential to create tensions between storytelling at different levels of the organisation and variations in expectation, therefore requiring talking and engagement between CEO and the sustainability team.

5.2.4.3 CER Processes

The implementation of CER requires new processes to:

- Create and formalise policy (Reynolds & Yuthas 2008);
- Enhance governance and sign off (Bachoo, Tan & Wilson 2013);
- Collect data and monitor performance (Price 2008).

CER principally introduces a regular process for monitoring performance against targets which is thought to motivate continuous improvement (Burritt & Schaltegger 2010). This monitoring will require the involvement of a broader group of employees and will remain in place over time. Therefore, given the correct political impetus, CER could be expected to encourage employees to look for change that improves both the data collection and the CSR performance itself.

Lozano, Nummertc and Ceulemans (2016) support this finding, with over a quarter of their survey respondents seeing major change as being due to the processes of CER. One of the interviewees from the study is quoted as follows:

“I am not sure many people read our entire report, but the process of collecting and reporting makes much data visible for people with specific interests. I believe this level of transparency, as well as the performance we report, does help our reputation. It also fosters management discussion on many metrics that are not part of traditional financial reporting. This allows us to compare our performance to our policies and broad business objectives, which in turn we have integrated into management initiatives.”

Lozano, Nummertc & Ceulemans. (2016, p.9)

5.2.4.4 CER as Catalyst for Organisational Change

As discussed more fully in Chapter 3, the effectiveness of CER in facilitating change for CSR is supported by the view that it can be seen as a catalyst for change (Adams & Frost 2008; Stubbs & Higgins 2014). This is through its role in introducing CSR concepts, assisting the adoption of CSR processes, or by providing the basis of a plan for CSR implementation. CER, with its requirement to gather information across departments of an organisation, can also help “diffuse” the CSR concept and so “overcome resistance to organisational change” (Lozano, Nummert & Ceulemans 2016 p2). CER indicators for CSR performance measurement are increasingly being integrated into strategic management plans and risk management (Adams & Frost 2008). Research on governance and sustainability accounting supports the use of these indicators as part of the reporting process, which aids the implementation of CSR (Richter & Arndt 2016).

5.2.5 Implications of Change Management Approaches for this study

In order to complete an informative review of how CER could facilitate change for the embedding of CSR, its potential role needs to be examined across the various approaches to change for CSR. This is because, as outlined above, a range of change approaches have been observed in the literature. The potential ‘fit’ of CER with the observed change approaches for CSR is therefore considered important to this research, for the following reasons:

- Planned change for CSR is most commonly applied using systematic approaches, in particular accounting style methods (Burritt & Schaltegger 2010), with which most businesses are familiar, and that require the monitoring processes associated with CER (Bondy, Moon & Matten 2012; Engert, Rauter & Baumgartner 2016; Zink 2007). CER may assist the implementation of Planned change for CSR by providing a template for action and a monitoring tool.
- Emergent change for CSR is essential for achieving substantial improvement in organisational sustainability (Benn, Dunphy & Griffiths 2014). Here, CER could assist by increasing awareness and collaboration at the operational level, and so facilitating emergent change.
- Integrated change and organisational becoming (Liebhart & Garcia-Lorenzo 2010) have more recently been considered more appropriate for change for CSR (Schaltegger, Beckmann & Hansen 2013) as both can encompass the traditional directed approach and the flexibility to adapt to uncertainties of CSR. CER, both through the introduction of direct change process and acting as a catalyst for CSR, could facilitate these approaches.

- Transformational change for CSR is in the early stages of development, based on the extant literature (Martinuzzi & Krumaya 2013). The newer form of CER, IR, could have a role in transformational change; however, IR is not the form of reporting in the studied organisations of the present thesis.

The published research into the effect of CER on change for CSR and the improvement of environmental performance is not extensive. The reported mechanisms for the creation of direct process change through the implementation of CER, and how CER acts as a catalyst for change for CER, will be investigated in the empirical research of the present thesis to address this gap. The key question to be addressed is:

Can CER create incremental change for CSR by increasing the awareness of CSR, and by introducing direct process change and collaboration to facilitate the embedding process?

5.2.6 Sensemaking

Sensemaking is significant to the study of the role of CER in embedding change for CSR, as it is a concept based on communication, which is considered the primary purpose of CER (Spence 2009). CER is a communication vehicle for CSR policy, actions and performance measures, which are major inputs into the sensemaking process for CSR (Hahn, Preuss, et al. 2014; Sharma & Good 2013). The combination of sensemaking, communication and change, is considered important to understanding change within companies, as follows:

Taken together, communication, sensemaking and change ... make a cord of three strands that hold organizations together in the complexity and pace of the twenty-first century”.

Vuuren and Elving (2008, p.351)

Sensemaking is key to CSR implementation, as individuals within organisations must achieve a balance between corporate messages based on institutionalised financial imperatives and the implementation of CSR, which is not always coherent with improving the bottom line (Greenwood, Jennings & Hinings 2015; Hahn, Pinkse, et al. 2014).

5.2.6.1 *The concept of Sensemaking for CSR*

Communication, both internal and external, is considered to be a central activity in organisations; therefore, sensemaking has been studied across a variety of key organisational processes for CSR, including strategic change and decision making (Maitlis & Christianson 2014; Schultz, Castello & Morsing 2013).

The theory of sensemaking is usually attributed to Weick (1995), who introduced the sensemaking perspective as an alternative view on organisation change (van der Heijden, Dreissen & Cramer 2010). Weick has a simple interpretation of sensemaking as “literally, it means making sense” (1995, p.4), and describes the process as:

*“..placement of items into frameworks,
comprehending, redressing surprise, constructing
meaning, interacting in pursuit of mutual
understanding, and patterning”*

Weick (1995, p.6)

However, scholars have not yet agreed on a definition for sensemaking (Maitlis & Christianson 2014). More recently, Brown, Colville & Pye (2015, p.266) comment that there is “an emergent consensus” on the meaning of sensemaking which can be summarised as “those processes by which people seek plausibly to understand ambiguous, equivocal or confusing issues or events”. Furthermore, a recent review by Sandberg & Tsoukas (2015, p.S10) notes that most studies have “taken sensemaking to be equivalent to interpretation”. Overall, the concept of sensemaking is considered to be a process where individuals understand the “novel, unexpected, or confusing” event and to create new meaning to cope with reality (Maitlis & Christianson 2014, p.57). Individuals interpret environmental cues within their own context, to ‘make sense’ of occurrences (Brown, Colville & Pye 2015; Rouleau & Balogun 2010). This process of meaning construction and reconstruction allows individuals to interpret, and create sense for themselves and others, of equivocal inputs or a changing organisational context (Maitlis 2005; Maitlis & Sonenshein 2010; Rouleau & Balogun 2010).

Hahn, Pinkse, et al. (2014) categorise sensemaking into three core processes:

- Scanning is information gathering; it usually is considered an antecedent to interpretation and action.
- Interpretation is the act of carving out meaning from ambiguous cues.
- Responding occurs once managers have interpreted ambiguous sustainability issues based on their own cognitive frame.

(Hahn, Pinkse, et al. 2014; Thomas, Clark & Gioia 1993; van der Heijden, Dreissen & Cramer 2010).

Authors also consider that sensemaking most often occurs retrospectively. In fact, sensemaking has been proposed to involve ongoing retrospective development of plausible images that people use to rationalize behaviour (Weick & Obstfeld 2005, pp., p.1047).

Communication is fundamental to sensemaking, as it requires a shared language as part of the interpretation process (Weick 2003). As Weick states, “sense may be in the eye of the beholder, but beholders vote and the majority rules” (Weick1995, p.6).

Natural language plays a role in embedding change by communicating concepts with more accuracy among people with common interests and experience (Daft & Wiginton 1979). Studies have considered how organisational actors contribute to the adoption of new activities through language and sensemaking, including negotiation (Helfen & Sydow 2013; Rouleau & Balogun 2010; Sharma & Good 2013). Narratives and stories reflect local ‘realities’, and are therefore important for sensemaking (Zilber 2009).

Sensemaking often relies on discourse and on narratives/stories (Brown, Colville & Pye 2015), such as those found for CSR in many CERs. Newer studies are focusing on the role of narratives to connect sensemaking to issues of power and processes of strategy development, implementation and change (Balogun et al. 2014), all of which have been shown to be relevant to the embedding of CSR (Engert, Rauter & Baumgartner 2016).

Sensegiving (Maitlis 2005) is part of the sensemaking concept; however, this is not well studied, as most research remains focused on unidirectional sensemaking (Rouleau & Balogun 2010). For CER, the creation of the report, its narratives and text, is potentially an important part of the sensemaking/sensegiving process.

However, discursive and rhetorical practices for CSR sensemaking and sensegiving have been considered to be “intertwined” (Iivonen & Moisander 2015, p.651), and cannot exist alone (Rouleau & Balogun 2010).

“[voluntary CSR is] driven by the organization’s understanding and acknowledgement of its moral responsibilities regarding the impacts of its activities and processes of society..... [to] make sense of their potential commitments and their motivations, and assigning their own meaning to CSR”.

Iivonen and Moisander (2015, p.650)

5.2.6.2 Organisation Sensemaking

Decisions regarding CSR activities need to be made by managers from their mental models, which are in turn are shaped by external drivers (Basu & Palazzo 2008). Iivonen and Moisander (2015) observe that voluntary CSR is based on sensemaking as follows:

Sensemaking assist in the interpretation of external organisation field pressures (Schultz & Wehmeier 2010; Turner & Boyns 2006); for example, when companies face a legitimacy-threatening CSR issue, this will force them into a sensemaking process, and potentially into a genuine dialogue with stakeholders (Banerjee 2008), in order to formulate a response.

To understand external pressures for CSR, organisation leaders undertake activities that assist sensemaking such as environmental scanning and issue interpretation, which help drive organisational decisions (Gioia et al. 2013). Organisation leaders reinterpret their institutional pressures (Maitlis & Christianson 2014) in order to construct their company’s identity, preserve their organisation’s image, and respond to organisational crises (Gephart 1993; Maitlis & Christianson 2014). This reinterpretation by leaders leads to an organisational approach for CSR (Angus-Leppan, Metcalf & Benn 2010). Successful leadership of organisational change for CSR also requires influencing employees’ sensemaking process, so that they are motivated to make changes in their own roles and practices and help others by sensegiving to others (Balogun et al. 2014; Gioia & Chittipeddi 1991; Maitlis & Christianson 2014; Maitlis & Sonenshein 2010).

The process of sensemaking is intrinsic to the role of middle managers in change for CSR (Rouleau & Balogun 2010). At this level of organisation, the messages from leadership, for example, CSR approach, are reinterpreted, and implemented (Sharma & Good 2013), and can therefore become embedded. Middle managers need to engage in active sensemaking to resolve the ambiguity and

uncertainty of their organisational environment, to meet differing work goals and yet create coordination in activity (Sandberg & Tsoukas 2015). Middle managers need to offer plausible responses to senior management direction, and utilise sensegiving in a similar manner to their leadership (Balogun et al. 2014), to convince others of the value of changes and to explain how they can be implemented.

At the individual level (Wieck 1995), employees renegotiate and debate ‘stories’ until there is a shared understanding and a consensual story is produced. Successful change initiatives need to target institutionalised concepts such as identity or culture, forcing sensemaking from which changes in structure and practices can follow (Maitlis & Christianson 2014). Planned or deliberate change initiatives force individual employees into significant sensemaking efforts, to work out how the change affects their work (Sandberg & Tsoukas 2015). Emergent change for CSR is not as closely directed by management (Benn & Baker 2009; Driscoll & Starik 2004), and therefore relies on interpretation at a local level (Rouleau & Balogun 2010) through an individual employee’s sensemaking processes, which can translate into collective interpretation (Balogun & Hope Hailey 2004; Weick 1995) and embedding of emergent change.

5.2.6.3 Sensemaking to Manage the Contradictions of CSR and Business

The early work of Selznick (1957) suggested that individuals within organisations can hold goals that are not synonymous with those of their organisation. This is important for CSR, as the current paradigm contains highly ambiguous signals containing potentially conflicting economic, environmental, and social outcomes (Schultz, Castello & Morsing 2013). CSR requires organisations and their staff to move away from the traditional ‘rational actor’ model of economic rationalism, as its aims are not normally coherent with the financial imperatives of for-profit organisations (Hahn, Pinkse, et al. 2014).

Arguably, the most common response is for managers to revert to a familiar business case-oriented view (Bondy, Moon & Matten 2012), and adopt what Hahn, Preuss, et al. (2014, p.464) term a “pragmatic approach” to CSR to balance the multiple and conflicting economic, environmental, and social aspects of sustainability issues. Here, the implementation of CSR is completed against a business case where CSR can be seen to reduce cost or risk. Alternative responses observed by researchers include ‘de-coupling’ (Meyer & Rowan 1977), and a “paradoxical approach” also proposed by Hahn, Preuss, et al. (2014, p.463).

Decoupling

The tension between CSR and financial imperatives can result in a decoupling of policy and practice, allowing an organisation to adopt multiple, even conflicting, public policies, without unduly disrupting daily operations by trying to implement inconsistent strategies (Gond et al. 2012; Schultz, Castello & Morsing 2013).

Decoupling is explained as follows:

“Structures are decoupled from each other and from ongoing activities. In place of coordination, inspection, and evaluation, a logic of confidence and good faith is employed”.

Meyer and Rowan (1977, p.340)

De-coupling can be achieved by maintaining inconsistencies or gaps between different organisational functions or activities, rather than there simply being discrepancies between published words and internal action (Bromley & Powell 2012).

At the corporation level, a ‘de-coupled’ response can be adopted to manage contradictory institutional demands of stakeholders and society, for profit and CSR, respectively. A form of ‘organisational hypocrisy’ can be utilised by applying rhetoric not backed by substantial action (Cho et al. 2015). The use of relatively low-cost projects, often including CER, rather than a comprehensive CSR program, is an example of the approach used by large corporations in this situation (Scherer & Palazzo 2011; Wickert, Scherer & Spence 2016). Decoupling has also been observed in ‘compliance-driven’ CSR, when the processes of measurement required for compliance are completed but do not feed into any CSR strategy or management decision making (Gond et al. 2012; Moore 2013).

At the individual level, tension between CSR initiatives and financial drivers can also mean that staff need to decouple the CSR concept from the core of the financial corporate strategy, and determine whether their own functional area should pursue the CSR agenda (Moore 2013; Sharma & Good 2013). Firms also need to account for employee motivation for CSR, and can employ a ‘separation strategy’ allowing employees and managers to pursue, for example, low cost pro-environmental activities without reconciling this with the core corporate strategy (Hahn, Pinkse, et al. 2014).

Paradoxical Thinking

An alternative approach to managing the conflicts between the financial and CSR imperatives has been proposed which Hahn, Pinkse, et al. (2014) termed the ‘paradoxical stance’. The authors describe this as follows:

-
- *Juxtaposition of economic, environmental, and social concerns, even if contradictory*
 - *accept tensions and accommodate conflicting yet interrelated economic, environmental, and social concerns, rather than eliminate them.*

Hahn, Pinske et al. (2014, p.467)

The sensemaking process for CSR under the paradoxical frame assumes that managers cover a wide range of sources in their scanning, which makes them more likely to adopt this approach (Hahn, Pinkse, et al. 2014). This more comprehensive paradoxical approach involves the “simultaneous integration of economic, environmental and social dimensions without emphasising one over any other” (Hahn, Pinkse, et al. 2014), leaving the organisation to move forward on CSR “slowly and carefully” whilst continuing to pursue business-as-usual financial goals (Hahn, Pinkse, et al. 2014 online).

5.2.6.4 Key Papers for Sensemaking and CSR

The following table summarises the key papers for sensemaking and its place in the literature for CSR.

Table 5.2 Key Papers for Sensemaking and CSR

	Relevance for change for CSR	
Sensemaking	Allow understanding and management of competing organisational logics, primarily financial and CSR	Weick (1995) Brown, Colville and Pye (2015) Schultz, Castello and Morsing (2013)
Organisational sensemaking	Bridge gap between external pressure for CSR and internal implementation	Basu and Palazzo (2008)

Sensegiving	Leadership and middle-management CSR policy to be disseminated across organisation and understood	Ocasio, Loewenstein and Nigam (2015) Iivonen and Moisander (2015)
Decoupling	Can explain risk that CSR message will be verbalized, however not actioned	Meyer and Rowan (1977)
Paradoxical stance	This would allow both CSR and financial objectives to be pursued despite the potential conflict	Hahn, Pinkse, et al. (2014)
Place in change	Making sense of CSR is essential part of embedding change for CSR, in particular for middle managers	Rouleau and Balogun (2010) Sharma and Good (2013)
Change - Planned - Emergent	Sensemaking part of all change approaches, however may be more significant to emergent change and continuous change, where CSR activity and understanding is negotiated at a local level.	Balogun et al. (2014) Basu and Palazzo (2008) Sandberg and Tsoukas (2015) Liebhart and Garcia-Lorenzo (2010)

5.2.6.5 CER as a Communication Tool for Sensemaking

Research into CER and sensemaking is emerging; however, it remains limited, which reflects the fact that researchers are only recently applying the sensemaking perspective to the study of CSR (Richter & Arndt 2016). From first principles, CER could play a role in the sensemaking process, as it is a form of discourse that communicates company CSR messages to internal and external stakeholders, potentially acting as an input to the sensemaking process.

Internally to the organisation, CER information has the potential to act as a catalyst for CSR by forming an input to managers' sensemaking process. The discourse contained in CER may facilitate one of the more important elements of sensemaking, which is to allow organisational actors implementing CSR to discover how they are expected to behave (Weick, 1995). For example, in research by Spencer, Adams and Prem (2013), environmental information, such as that provided for CER, was seen to improve top management commitment to environmental sustainability. Furthermore, research into the use of IR found that its implementation by early adopters required,

although was not achieving, the “negotiating [of] an integrated story” (Stubbs & Higgins 2014, p.1086), which could be seen as part of the sensemaking process.

To be effective in facilitating the embedding of change for CSR, CER would need to convince employees that CSR is an activity to be undertaken rather than being “seen to be done”, and that it is important for management in terms of organisational activities and culture (Pfeffer & Salancik, 1978, p.17). This could be an important area where sensemaking, based on information in the CER, could assist to resolve the frequent tension between CSR initiatives and financial drivers. Implementing CSR requires managers and employees to review existing routines and thought patterns (Van der Heijden, Driessen & Cramer 2010). Unless there is a clear business case (Bondy, Moon & Matten 2012; Hahn, Pinkse, et al. 2014), employees will need to choose to act on the CSR objectives independently of financial objectives. Information in the CER could act to communicate and reinforce the CSR objectives. Staff may need to either accept the contradiction by adopting a ‘paradoxical stance’ (Hahn, Pinkse, et al. 2014), or ‘decouple’ (Meyer & Rowan 1977) the CSR concept from the economic core of the corporate strategy.

Sensemaking and sensegiving may also have a role in the decision to implement CER by an organisation, as reporting is designed as an input to address perceived stakeholder communication requirements (Schultz, Castello & Morsing 2013). By reporting on CSR ideals and policies, organisations create and commit to a “future-oriented self-image”, so making a public commitment to begin performing CSR activities (Christensen, Morsing & Thyssen 2013 , p.383), one in which stakeholders could also be required to ‘co-commit’ (Christensen, Morsing & Thyssen 2015). This is considered important, as the authors state:

“And while there may be doubt about precisely which actions will follow from the talk, articulating CSR aspirations while the world is listening (and increasingly responding) is significantly more demanding than keeping the ideals to oneself”.

Christensen, Morsing & Thyssen (2013, p.383)

CER, as the external communication of CSR messages, can proactively shape shareholders’ and stakeholders’ perceptions of organisational outcomes (Hahn & Kühnen 2013) and events, or to retrospectively provide explanations of their decisions and actions as a way of making sense of them (Iivonen & Moisander 2015). However, CER containing company rhetoric tend to point out the positive work of corporations to these audiences (Richter & Arndt 2016); which, as discussed previously, has affected the credibility of some reporting.

5.2.6.6 Implications of Sensemaking for this study

The concept of sensemaking is emerging as a key area of study for CSR, as it can be used as a base to examine how managers assess the often contradictory messages for CSR and profit. CER is a potential input to the sensemaking process, at the internal or individual employee level, which advocates action for CSR and may have a role to play in the sensemaking process, by reinforcing the importance of a company's CSR approach. CER, therefore, has the potential to influence middle managers' and individuals' stance on CSR, providing company discourse and rhetoric on CSR that can encourage employees to act for CSR. If these messages contradict the established business paradigm, the reinforcement of CSR policies may lead to the adoption of a paradoxical stance rather than decoupling.

At the organisation level, the decision to implement and then integrate CER into business has also been shown to be based on the sensemaking process. This can be due to leadership scanning of the environment where stakeholder pressure is evident. The resultant CSR commitment to those stakeholders in the CER can further act as a motivator for improved CSR performance, acting as aspirational talk.

As there is currently limited research into CER and sensemaking, the present thesis aims to augment the information in the extant literature on CER in terms of its role in sensemaking. The key question to be addressed is as follows:

Is CER as an input containing company information on CSR a possible mechanism to weigh the sensemaking process in favour of change for CSR?

5.2.7 Summary: Key Concepts

This chapter has reviewed the concepts of CSR relevant to the organisation and individual levels of the structure provided by the multi-level framework. This review will form the theoretical base for the empirical research. In summary, the key concepts derived from the literature that have the potential to assist in elucidating how CER could facilitate embedding of change for CSR are as follows:

- external transparency of CSR created by the CER may create pressure for change in the internal CSR policy and processes;
- stakeholder feedback to the organisation through the CER mechanisms potentially causes change for CSR;
- organisation CSR approach could be supported by CER;
- CER may support the structuring of change for CSR through providing governance, policy and performance monitoring objectives;
- the change management model for CSR may affect the mechanisms through which CER could assist embedding of CSR;
- direct change to pro-environmental processes can be caused by uptake of CER;
- CER, as a communication discourse for company CSR, has the potential to act as an input to the sensemaking process.

The questions raised for CER by the review, and outlined in each section under “Implications for the Study”, were utilised to structure the interviews with the case study organisations, and for the analysis of the empirical results.

CHAPTER 6 – METHODS

Chapter 6 provides an explanation of the methods used to conduct the research for this thesis as indicated in Figure 1.1. This research studies how CER could facilitate the embedding of change for CSR in two Australian ICT organisations (referred to as Tele1 and ICT2). Both organisations publish CER and monitor environmental performance. One firm is aiming to be a leader in the CSR field, whilst the other is under close public scrutiny for its CSR performance, primarily due to its high public profile. There is published information in the extant literature on the change mechanisms within both organisations, as well as their history, operations and market positioning. The researcher also had access to internal company information from both organisations.

The research used the following approaches:

- A review of the literature to
 - understand the approaches to change for CSR and the leading theoretical concepts that are used by scholars to explain CSR uptake and embedding;
 - review the research on the mechanisms by which CER can facilitate the embedding of change for CSR;
- Assessing the quality of CSR disclosure of ICT1 and Tele2;
- Benchmarking the current pro-ecological attitudes and behaviour of personnel (prior to interviewing) using NEP survey method;
- Using formal semi-structured interviews with study organisation personnel to elicit information and perceptions;
- Examining the results of the two organisations together as a ‘case study’. Where there were clear differences, these were examined as a ‘sub case’.

6.1 Literature Review

The literature review for this research used a systematic method for identifying and evaluating the existing extant literature produced by scholars, researchers and practitioners (Fink 2005). The aim was to provide an overview of the key concepts and themes in the CSR and CER literature. A structured approach to content analysis was followed, based on that of Mayring (2003) and Engert, Rauter & Baumgartner (2016), which contains the following four steps.

Step 1 - Structured material collection

The initial step involved a literature search, which focussed on the research on CER and on the embedding of change for CSR in large corporations. Iterative reviews of Step 1 were carried out with Step 2, through which information on the associated concepts and theoretical base emerged and were added as search criteria to Step 1. Key words searches were undertaken, and are provided in Appendix 2. Two major resource database sources were utilised, University of Technology Sydney Library and Google Scholar. The search was repeated at regular intervals throughout the research, the final being completed in October 2016.

Step 2 -Descriptive review

Here, the retrieved articles were reviewed to produce a descriptive summary organised by themes. The full text was referred to when required during Steps 3 and 4, as well as when completing the writing of this thesis.

Step 3 - Category selection

Step 3 involved analysing the descriptive review undertaken in Step 2, which allowed the researcher to create a coding system to categorise the research and relate the papers to the research questions, storing the results in Endnote. The coding scheme was developed inductively, that is, the researcher doing the coding and annotating the articles. This resulted in the major topics of the content analysis, using a method similar manner to that of Hahn & Kühnen (2013).

Step 4- Material evaluation

Finally, the literature that had been reviewed and categorised in the earlier steps was scrutinized, allowing the identification of relevant concepts, themes and interpretation of findings. This was again an iterative process across Steps 3 and 4, consisting of critical reviews of the data, adding patterns or concepts as they emerged, and so refining the review (Mayring (2014).

6.2 Case Studies

6.2.1 Approach to Case Study Research

This thesis aims both to augment the limited research available in the literature that examines CER from an from an ‘inside out’ perspective (Burritt & Schaltegger 2010), and to propose new theories on how CER could facilitate the embedding of change for CSR. The research was carried out using case studies, which are considered appropriate for the phenomenon-driven research questions posed in this thesis (Eisenhardt & Graebner 2007). The use of interviews and background material from

the case study organisations was adopted to provide the rich description (Eisenhardt 1989; Mintzberg 1979) required to facilitate the emergence of new ideas and theories. An iterative approach to the analysis of the material was utilised in the research to uncover and propose explanations of the relationship between CER and CSR (Mintzberg 1979).

An open-ended case study was carried out using a qualitative approach that asked employees about their awareness and use of CER. The research examined, primarily through interviews, the stated company and individual approaches to CSR drivers, and the change processes to put environmental initiatives and reporting in place. The use of qualitative interviews provided the potential to detect issues not covered in the literature (Campbell 2004). To assist in developing insights, both open and closed questions were asked (Bryman and Bell 2007). Closed questions were used to collect data on factual aspects such as the scale and scope of existing structures, systems, and processes associated with CER reporting and CSR policy. This included information on how employees access data from the CER. Open questions were used to elicit longer responses about employees' attitudes to the information and their responses (Arjaliès & Mundy 2013).

The research was undertaken by studying internal processes and speaking to staff (Lozano, Nummert & Ceulemans 2016; Stubbs & Higgins 2014). The initial thesis research question helped to direct the early research (Eisenhardt 1989) in terms of the selection of case study organisations, background material, and interviewees and interview questions which would allow the exploration of change for CSR as well as the role of CER. For example, the primary research question indicated the need to speak with Sustainability Team specialists in CER in order to gain a deeper understanding of the strategic importance and processes of creating a CER. The overall design of the data collection process allowed for the emergence of concepts and building of theory, through the broad use of written company material and open-ended question style (Bettenhausen & Murnighan 1986).

6.2.2 Use of More Than One Case

This research utilised two sub-cases and an iterative technique of data analysis which allowed the researcher to obtain increased familiarity with the data. This technique has been shown to assist in building theory based on replication across cases (Eisenhardt 1989; Eisenhardt & Graebner 2007). The use of two cases to compare data was considered most likely to allow the researcher to verify initial impressions and conclusions, and to identify any cross-case patterns through the identification of replication and contrary replication, and elimination of alternative explanations (Yin 2009).

Each case was treated as an analytic unit, and was then analysed in relation to the second case, providing information that confirmed, contrasted, or extended the emerging theory (Yin 1994).

6.2.3 Reasoning for Use of Case Studies

As discussed in earlier chapters, the research question posed by this thesis had not previously been widely studied, and there were no specific studies on the industry sector under examination. The research approach was, therefore, designed to allow inductive theory development, for which case studies, with their rich descriptive data sources, are well suited (Eisenhardt 1989). The use of case studies has also been observed to be suitable for theory-building research which typically answers research questions such as the one proposed by this thesis, that is, 'how' CER might facilitate the embedding of change for CSR (Edmonson & Macmanus 2007). Use of cases assists theory building through the creation of rich data; and combining two cases increases both the quality and quantity of data available (Eisenhardt & Graebner 2007).

6.2.3.1 Creation of extensive and rich data

The research was designed to generate both descriptive and quantitative data. Specific interview questions, as well as targeted research into background material, provided information on the characteristics of the sample companies and employees. Information was also gained from an open-question approach which elicited responses that included anecdotes, and covered areas of relevance that may not have been a focus for the primary research question. This flexibility is unique to the case study approach and essential to the recursive process of theory building (Eisenhardt 1989).

Case studies data were analysed from two perspectives within each case, to gain depth and richness of data, and across both cases to test the emerging results. This approach corresponds with that suggested for case studies, as follows:

- analysis across difference examples and use of multi-level analysis within each case (Yin 2009);
- provide description (Kidder 1982);
- test theory (Pinfield 1986);
- generate theory (Eisenhardt & Graebner 2007).

6.2.3.2 Theory Building and test existing research for change for CSR

Case studies are considered the preferred method of generating novel theory. The creative insight required can arise from contradictory or paradoxical evidence such as that found in the rich data of case material. By reconciling these issues the researcher is likely to re-evaluate the data and so create novel working theory (Cameron & Quinn 1988). As a result of this evaluation process, and the fact that the theory is closely tied to the evidence, the theory is “likely to be empirically valid” (Eisenhardt 1989, p.547). The use of case studies, therefore, allows theory building via an inductive process, as well as the option to test previous propositions from the literature by a deductive process using data gathered from the cases (Eisenhardt & Graebner 2007).

The research for this thesis primarily focussed on inductive theory development, as there is little research available into the effect of CER on change for CSR, and none on the ICT sector. Comparisons with other case studies completed for CER from an ‘inside out’ perspective and with research that looked at change for CSR were used to evaluate the results and propose theoretical explanations.

Concepts that have been applied in studies of change for CSR, and those that have been applied to CER, were used to guide the case study research questions in a deductive manner, however allowing flexibility in deriving any outcome. An inductive process to elucidate new propositions from the research data was utilised to explore broad themes during the research and when analysing the data. For example, an emerging theme of agency was seen in the data, so a recursive cycling among the case data was used to clarify the theme and create an emerging theory. This was then compared with extant literature on the role of agency in change for CSR.

6.2.3.3 Use of quantitative and qualitative data

The research approach for this thesis, although focussed on qualitative interview data, also included some quantitative data in order to provide a perspective on both the characteristics of the interviewee group and the prevalence of key results, such as the source of CSR information for staff. The combination of these types of data has been considered by researchers as synergistic (Eisenhardt 1989; Mintzberg 1979).

Qualitative research techniques were used to provide in depth and interpretative understandings of the social context of interviewees (Dawson 1997), and were focussed on socially constructed processes and meanings (Denzin & Lincoln 2000). Overall, an inductive and interpretive approach was used (Gephart 2004). This more explorative and in depth qualitative approach provides a richer

understanding of the complexities and justifications around use of CER in its real-life context (Bryman & Bell 2007).

A limited quantitative approach was also used to analyse some aspects of the data. This analysis provided a clearer understanding of the study organisation and sample profile: for example, the distribution of the interviewees across location and management hierarchy. Other areas clarified by quantitative analysis related directly to the embedding of CSR and CER. Key examples are: ability to access to the report; whether staff recalled its content; and quantifying staff perceptions of the major drivers for CSR and CER uptake. Overall, the use of a more multidisciplinary research approach provided insights into the data that may not have been achieved with qualitative analysis alone (Ritchie 2003).

6.2.4 Limitations of Case Study Interview-Based Research

The limitations of the case study approach were considered when adopting a case study approach to this thesis research.

The key limitation, in common with other research in the field, is wider access to companies (Lozano, Nummert & Ceulemans 2016). However, as there is a lack of research in the ICT sector on CSR and CER, and the researcher had privileged access to two ICT companies, the study focused on embedding CSR and the effect of CER in large ICT organisations in Australia. This selection reflects the reality of field-based research, where access to commercial organisations can be difficult to obtain. Different results may have been generated if this study had been conducted with organisations in other industry sectors, in smaller organisations, or in different national contexts. The case study approach was adopted as it allowed an in depth analysis of the relationship between change for CSR and CER from an ‘inside out’ perspective, thereby addressing an area of research that is relatively limited (Higgins, Milne & van Gramberg 2015; Stubbs & Higgins 2014). The analysis of the results, therefore, focusses on the outcomes for the ICT sector, and where applicable, comparing this with other industry sectors.

The case study approach is considered in the literature to be subject to a number of potential flaws, where investigator bias leads to “premature and even false conclusions” (Eisenhardt 1989, p.540). The researcher needed to take care not to be influenced by particularly powerful pieces of information, or senior sources, and so create conclusions based on limited data, nor to inadvertently drop disconfirming evidence (Nisbet & Ross 1980).

The use of case studies that result in a large amount of empirical evidence can cause the researcher to develop theory that is too complex, making it difficult to differentiate important relationships from those that are idiosyncratic. Of particular relevance to this thesis is that information obtained from interviews can be biased due to impression management and retrospective sensemaking by the interviewees (Eisenhardt & Graebner 2007). The mitigation of this risk in this thesis is made through the use of a significant number of interviewees across the management hierarchy and departments, in order to assist in both identifying and reducing bias. This approach reflects that recommended by (Eisenhardt & Graebner 2007, p.28), who comment that it is “unlikely that these varied informants will engage in convergent retrospective sensemaking and/or impression management”.

6.2.5 Case Study Company Selection

The empirical research of the present thesis presents a case study of two MNEs in the ICT sector. The selection of these cases was based on the concept of ‘theoretical sampling’, as the cases selected were considered likely to replicate or extend the emergent theory (Eisenhardt 1989). The focus on one industry sector was made to reduce the level of extraneous variation. ICT was selected as no studies were available in the literature on the effectiveness of CER in facilitating change for CSR in this sector. However, based on pre-research and the extant management literature, ICT as an industry sector was identified as one of the leaders in change for CSR and its reporting (Browning 2009; KPMG 2013). ICT companies were observed to publish CER extensively (KPMG 2015), and so offered a clear opportunity to study the effectiveness of that reporting. The selection of MNEs within the sector was based on the extant literature, as these organisation have been shown to have significant environmental impact, and with much of the literature on CSR in fact focussing on large companies (Kusyk & Lozano 2007). The more extensive published research into MNEs allowed the research in this thesis to be guided by previous approaches and to determine whether the findings replicated or extend theory (Eisenhardt 1989). This approach, therefore, resulted in the opportunity for comparison with published information; therefore, the research questions and resultant theories could be reviewed against the results of other researchers into CSR and CER as well as the wealth of information from the management literature.

As discussed more fully in Chapter 2, the ICT sector was selected as it is a rapid adopter of change (Martinuzzi et al. 2011), with ICT companies being early implementers of CSR. ICT organisations, including the study organisations, are innovators in CSR, as demonstrated by the development of Green IT and the fact that they are aiming to influence their clients. These companies, therefore, provide good examples of companies that are undertaking change for CSR, and so provide the opportunity to study how CER might facilitate the embedding of that change. The selection of ICT also addresses a gap in the literature, as the research into CSR in this sector is limited, primarily

comprising the results of industry surveys on CSR reporting; and there are no publications found in the literature on CER within ICT organisations.

The selection of the specific study organisations was made on the basis that both were active in environmental and Green IT fields, as evidenced by their publications, public relations activity, and from internal sources. Market research data (provided to the researcher; however, commercial in confidence) showed that Tele1 and ICT2 were ranked in the top quartile in the provision of environmental information and services by the two leading research organisations, Gartner and Verdantix. Both organisations had participated in Australian-based surveys and rankings of environmental performance such as the Australian Corporate Responsibility Index undertaken by the St James Ethical Centre and the 'Banksia Awards'. This level of environmental activity meant that there was sufficient impetus within the study organisations for change for the improvement of environmental performance to allow the potential effect of CER to facilitate change to be investigated.

The size and complexity of the study organisations, over 5000 staff, meant that the embedding of CSR and the role of CER could be studied across the various levels of the management hierarchy and across departmental and operational boundaries. The case study organisations were also MNEs, which have become an increasing focus of study for CSR scholars; as they are subject to a range of social, economic and regulatory frameworks (Frynas & Stephens 2015).

Both case study organisations also had established CSR programs, had created sustainability teams, and were measuring CSR performance. These data were used both for CER and CSR policy and compliance administration.

The researcher was an employee of one study organisation at the time of commencing the research, and had access to the sustainability teams, who assisted with the study and provided contacts with staff for interviews in the other organisation. There was also some limited published literature on the change mechanisms within the organisations, as well as on their history, operations and market positioning (Crainer & Dearlove 2010; Ross 2003), which was available to assist with the analysis.

6.2.6 Interview Data Sample Criteria

The research data are drawn from interviews with 48 staff of two leading Australian ICT organisations; which were combined for analysis with their published and internally communicated information.

Sample Selection Criteria

As the research was primarily qualitative, the sampling approach was non-probability-based (Bryman & Bell 2007) and purposive (Patton 2002), with selection based on criteria that allowed the examination of themes identified by the theoretical model (Ritchie, Lewis & Elam 2003). A diverse cross section of the organisations' employees were interviewed, to enable the identification of as many factors as possible that influence CER, along with any interdependencies (Ritchie, Lewis & Elam 2003).

The sample selection had two characteristics:

- Heterogeneous (Holloway & Wheeler 1996) – staff from different areas of the organisation were selected. This included a range across both management and employee levels, and departments and locations;
- Critical case (Patton 2002) – individuals were selected for interview who were directly involved in the CER process, because of their detailed and specific knowledge.

The selection was made, as far as possible, to ensure non-skewed data and obtain heterogeneous perspectives. The selection criteria for the purposive sample aimed to ensure that:

1. Interviews were carried out with staff members who used CER information and were aware of policy as part of their role; and, conversely, with those whose role did not focus on CSR/CER;
2. A diverse sample was selected across the organisation to identify the level of knowledge and use of CER, CSR and policy across management levels, locations and departments.

'Expert' staff were considered the main priority for research sample selection, otherwise the theories could not be tested. Sampling was checked to ensure that the range across each sample was as wide as feasible.

The sample size of 48 interviews is typical of individual interview-based, qualitative studies, as the volume of data in sample sizes over 50 is considered difficult to manage (Ritchie, Lewis & Elam 2003). Interviews were conducted over a period from 2011 to 2012.

6.2.3 Interviewee Sample Selection

The sample frame for the study was chosen to reflect the sample requirements outlined above, and using an approach that allowed for intentional sampling, to ensure a comprehensive data set (Ritchie & Lewis 2003). Both organisations provided an initial list of interviewees from random lists, to avoid selection bias (Malhotra and Birks 2003, Bommel 2014).

The approaches of the two study organisations varied when providing sample selections; however, both required use of chain sampling (Ritchie 2003) to produce adequate sample numbers.

ICT2 provided a list of initial contacts generated by the sustainability team. There was a clear bias in the original contacts, as these were staff that had some involvement with the sustainability initiatives. The researcher, therefore, used an ‘Opportunistic Approach’, involving personal contact lists, and a snowball sampling technique based on the recommendations of interviewees (Bryman & Bell 2007), to obtain additional and more appropriate interviewees (i.e. staff who were not engaged in sustainability efforts). This approach provided interviewees with characteristics fitting the study frame and more typical of theoretical sampling (Strauss & Corbin 1998; van Bommel 2014).

Tele1 provided an initial interview list, and then generated a random list of interviewees across the organisation. Due to a higher than predicted non-participation rate from the list provided, interviewees were asked to provide contacts to achieve the target interview numbers, with 36% of interviews obtained in a similar manner to ICT2.

Interviewing top executives can provide clarity (Walker 1997), as leaders in a team or company can be the most reliable source of knowledge on CSR (Lozano 2013b). However, limitations such as hierarchical bias, and self-justification, must be considered. The literature on methodology indicates that there can be threats to validity and reliability of interview data at this level (Jupp 2006; Saunders, Lewis & Thornhill 2007). However, the participation of leaders was considered as key, as leaders are significant internal drivers of CSR policy (Angus-Leppan, Metcalf & Benn 2010; Szekely & Knirsch 2005).

6.2.4 Characteristics of the Selected Sample

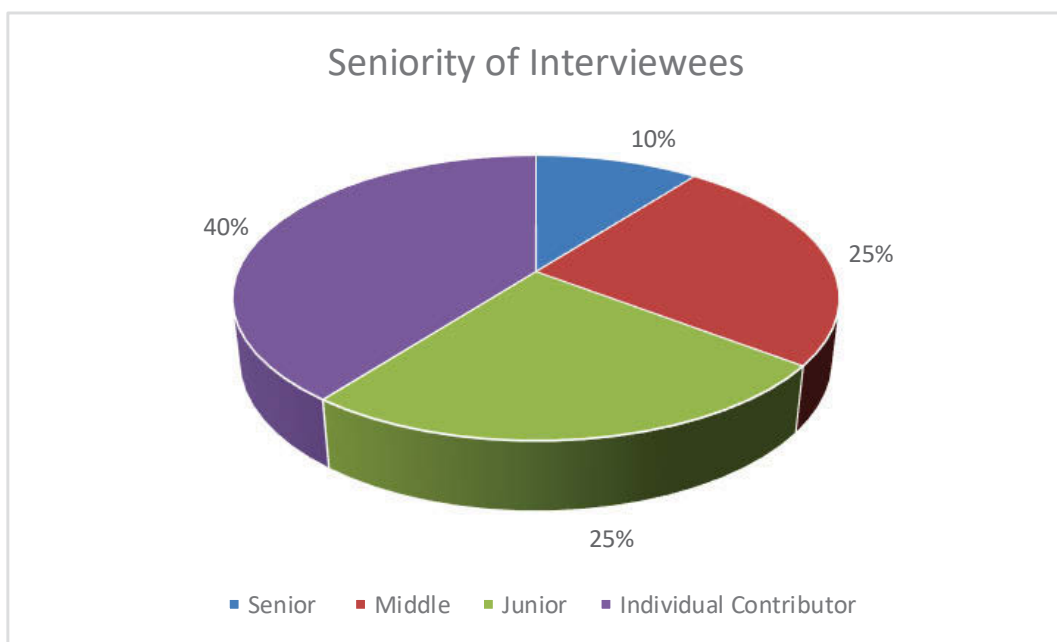
The sample set and its attributes were analysed to ensure that they met the criteria for qualitative interview-based research, as outlined above. The analysis determined that the study organisations were typical of large companies, with a classical hierarchical arrangement and pyramidal structure of management levels, and that the sample set of interviewees provided a suitable cross section of these

organisations. The sample set also included ‘experts’ from the sustainability teams, to allow analysis of the CER process.

Seniority

The interview selection process was specifically aimed to achieve interviews across the management levels in both organisations. The profile of interviewees was similar in terms of seniority, as shown in Figure 6.1.

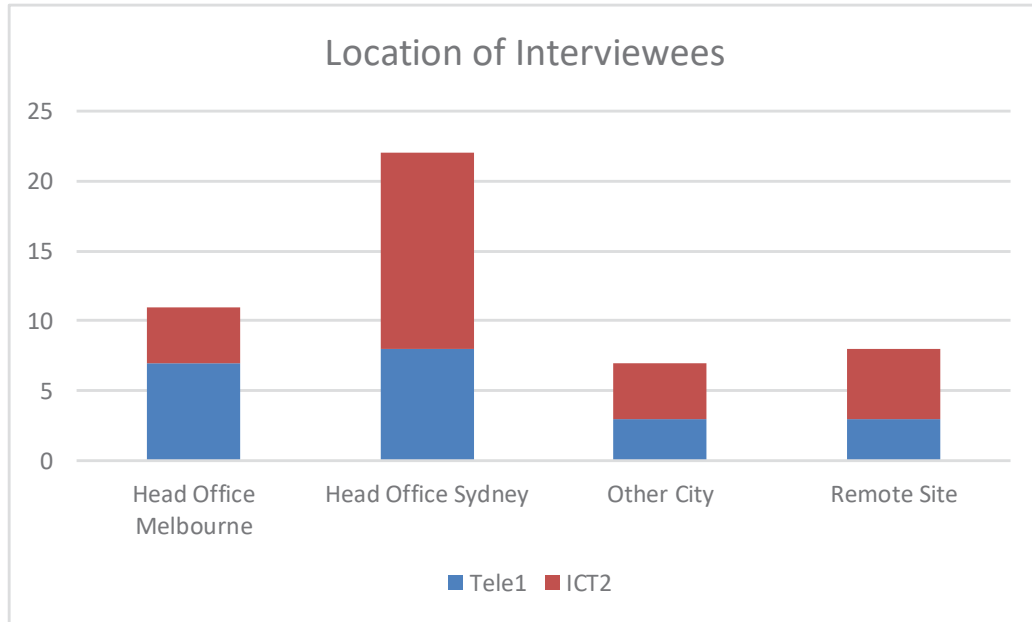
Figure 6.1 – Seniority of Interviewees



Location

Given the large number of sites in each study company, the selection process for interviewees looked to obtain a practical spread of locations. Locations were grouped into ‘Head Office’ and ‘Other City or Remote’, as shown in Figure 6.2, to determine any differences between central sites, where company communication mechanisms such as Intranet and discourses such as CER were strongest, and the more remote sites, which had less exposure to these discourses.

Figure 6.2 – Location of Interviewees



Department

The organisations were similar in structure, both being large hierarchical MNEs. Tele1 had a larger operational group, including network maintenance services, data centre, and product supply operations. In ICT2, the operational group was limited to warehousing and data centres. The sample set intentionally included a disproportionately high number of sustainability team members in both organisations, as shown in Figure 6.3. These interviewees enabled in depth examination of the CSR and CER processes managed by those teams.

Figure 6.3 – Department Spread of Interviewees

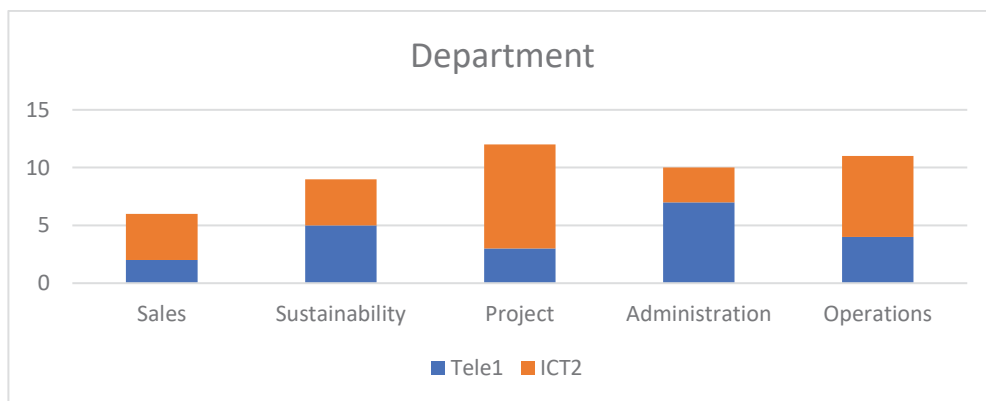


Table 6.1 below provides a detailed view of the interviewees, including seniority, department and location.

Table 6.1 – Details of Interviewees

	Tele1		ICT2	
Level	Department	Location	Department	Location
Senior Management	HR	Head Office Sydney	Project	Head Office Melbourne
	Sustainability	Head Office Melbourne	Administration	Head Office Sydney
			Sales	Head Office Sydney
Middle Management	Sustainability	Head Office Melbourne	Sustainability	Head Office Melbourne
	Sustainability	Head Office Sydney		
	Operations	Head Office Sydney	Operations	Head Office Sydney
	Operations	Other city	Operations	Other city
	Project	Other city	Project	Remote
	Administration	Head Office Sydney	Administration	Head Office Sydney
			Administration	Head Office Sydney
			Sales	Other city
Junior Management	Operations	Remote	Operations	Head Office Sydney
			Operations	Remote
	Sales		Sales	Head Office Sydney
	Administration	Head Office Sydney	Administration	Head Office Sydney
	Sustainability	Head Office Melbourne	Sustainability	Head Office Sydney

	Project	Remote	Project	Remote
	Project	Head Office Melbourne	Project	Head Office Sydney
Individual Contributor	Project	Head Office Sydney	Project	Remote
			Project	Head Office Sydney
	Sales	Head Office Sydney	Sales	Other city
			Sales	Head Office Sydney
	Sustainability	Head Office Melbourne	Sustainability	Head Office Sydney
	Sustainability	Head Office Melbourne	Administration	Head Office Sydney
	Administration	Head Office Sydney	Administration	Head Office Melbourne
	Administration	Head Office Sydney	Administration	Head Office Sydney
	Administration	Other city		
	Administration	Head Office Melbourne		
	Operations	Remote		

6.3 Interview Process

Interviewees were contacted by email and phone, with an opt out option provided, as recommended by the academic literature (Lewis & McNaughton Nicholls 2003). Interviewees who accepted the invitation were asked to agree with the ethics and confidentiality process prior to being interviewed.

Interviews were carried out both face to face and over the phone. Each interview was recorded, with the interviewees' permission, thereby allowing the interviewer to concentrate on questioning and listening (Angus-Leppan, Metcalf & Benn 2010; Saunders, Lewis & Thornhill 2007). The audio tapes were transcribed verbatim by a professional transcriber, using codes to preserve interviewee anonymity.

The interviews were conducted around a semi-structured data collection program, as the study aims were partially exploratory (Lewis & McNaughton Nicholls 2003). Certain interview questions were asked in similar manner, whereas others were asked with the intention of exploring answers in more depth (Mason 2002). This technique allowed some quantitative data to be obtained from the interviews, for example, information on CSR policy; whilst other areas could be explored more qualitatively (Brannan 1992). If required, the order of the questions was varied to allow interviewees to expand on areas of particular interest.

The interviews were carried out using a set of questions (provided in Appendix 3) adapted to the role of the person interviewed, including the use of a broader set of questions for those expected to provide more information on CER/CSR. The categories used were:

- Individual employee – not expected to have in depth knowledge of CSR/CER;
- Senior/ Middle Managers - expected to be aware of CSR, CER and change policies;
- Sustainability and reporting teams – in depth knowledge of CER process and CSR policy.

Semi-structured interview guides were utilised, containing sets of interview questions based on the following categories:

- Full question set – individuals involved in the reporting process;
- Managerial set – as above, without specific questions on the reporting process;
- Individual contributor set – as above, without questions on reporting process or management procedures.

Questions were ordered to allow the interviews to proceed in a structured manner, with initial questions requiring only straightforward role and knowledge answers, which provided context for

later in depth questions (Arthur et al. 2003). The questions were both open and closed (Coghlan & Brannick 2010). This allowed the researcher to use certain questions verbatim, in order to collect specific information, or as a topic guide if the subject required a more in depth discussion.

The interview process is a widely accepted qualitative research methodology; however, there are documented concerns regarding the potential for bias. A number of factors can be the cause of bias, and were considered when analysing the interview content (Lozano 2013b):

1. The time available for the interviews was more limited in some situations, for example with senior managers or in phone interviews. This may have restricted the interviewees' ability to expand on some of the questions.
2. Guided interview questions may have encouraged interviewees to answer questions in a particular manner, or as they thought would be expected by the researcher or the company's senior management.
3. Observer/ researcher bias was reduced by using the questionnaires; however, when directing open questions, this could remain a source of bias, especially if the interviewees shared the concerns of the researcher.

6.4 Pre-analysis of CER

The research examined Australian and international CSR reporting, to create a benchmark for positioning the two study organisations against other similar companies in terms of their disclosure. This was intended to indicate the relative quality of the CER produced by the case study companies; which was, in turn, expected to be reflective of the effort and importance of reporting to the companies. This element of the study concentrated on the environmental rather than social aspects of the reports.

The focus of the benchmarking exercise was on providing evidence of the communication of CSR progress of companies, rather than on performance based on physical environmental impacts. There are two widely used approaches in the literature for assessing quality of CSR disclosure:

- level of disclosure, i.e. the length of the report (Al-Tuwaijria, Christensen & Hughes 2004);
- the quality of the disclosure, which can be assessed using various approaches.

The disclosure method is considered to be less accurate, and is subject to issues such as inclusion of pictures or irrelevant information (Bachoo, Tan & Wilson 2013); and is therefore not used in the present study.

Three methods can be found in the literature for the assessment of report quality based on disclosure (Bachoo, Tan & Wilson 2013):

- company self-reporting on quality against standards;
- researcher developed scales; and
- independent assessment.

In addition, the use of established reporting standards such as GRI can assist in the determination of the level of organisational reporting sophistication and benchmarking across the organisation (Marimon, Alonso-Almeida et al. 2012).

6.4.1 Method 1

Self-assessment, that is, companies assessing their own performance using the GRI framework's application level, has been used to assess quality of CER: for example, by Legendre & Coderre (2013). The GRI requires organisations that produce a GRI-compliant CER to include, within the report, a self-rating of their GRI application level. Disclosure is self-rated on a scale from C to A++ or 'undeclared'. This assessment was utilised by the present researcher to assess the level of GRI adoption and applicability in the two study organisations.

6.4.2 Method 2

Determination of the quality of the study organisations' CER was approached by using the Clarkson et al. (2008) index, which focusses on voluntary disclosures, uses GRI as a base of assessment, and is derived from the Wiseman Index (1982). This index has been used historically to assess 191 US firms, and has recently been applied to Australian firms, allowing direct comparison with the local market. The dates of the Australian surveys are contemporaneous with the organisational reports used in this study. The CER from the two study organisations were analysed using the Clarkson scoring index, and then compared with the averages from the US and Australia.

The 18-point Clarkson Index scores 'disclosures' based on the researchers' 'judgements of value', and whether quantitative data is reported. It therefore allows integration into a single comparable figure (Cormier and Magnan 1999). Emphasis is placed on voluntary disclosure, and on the 79 'hard disclosure' quantitative items, ahead of the 16 'soft disclosure' items, on the basis that this differentiates good performers from those who supply intentions only (Clarkson et al. 2008). The Clarkson index uses content analysis to evaluate companies' CER disclosures against the 11 GRI (2002) categories, using a scoring model, which is provided in Appendix 4.

6.5 Analysis of Company Information

In addition to the formal assessment of the CER, content analysis was used to review the study organisations' CER publications and other sources of environmental policy and performance information. This provided a broader context (Yin 2009), and allowed the triangulation of data sources, to increase confidence in reporting reliability and trustworthiness (van Bommel 2014). This background information allowed the present researcher to analyse interviewees' statements in context and assess any justifications (Ritchie & Lewis 2003; van Bommel 2014). For example, ICT2's Head Office policy on the environment was revealed as one of the drivers of Senior Management statements on the organisation's commitment to CSR.

Both organisations had a wealth of information available on their environmental policies, and progress, although there was more limited information on performance. This was available on their public websites, and internal Intranet, as well as in emails, blogs and formal internal communications. The researcher was provided access to most internal sources. These provided contextual reading and greater familiarisation with organisational policies, acting as 'checks and balances' against which insights derived from the interview material could be assessed (Yin 2009). Statements on company policy, performance or process were verified, where feasible, against the company written discourse and rhetoric, and discrepancies noted (Lewis & McNaughton Nicholls 2003).

The material was categorised into:

- Company policy
- Process
- Performance data and targets
- Promotional material
- Company rhetoric and auto-communication.

6.6 Case Study Data Analysis

6.6.1 *Employee New Environmental Paradigm (NEP) survey*

The NEP survey was undertaken by all study participants, with the aim of creating a benchmark for the interview groups' overall attitude to the environment. The NEP survey, originally developed by Dunlap et al. (2000) has been used across a wide range of populations, and could therefore be utilised to benchmark the attitudes of the employees in each organisation, against each other, and against

overall averages collected internationally (Dunlap & Van Liere 2008). The surveys were undertaken anonymously, due to ethics considerations.

Literature on attitudes to the environment indicates that the attitudes stated in answer to the NEP carry a degree of bias towards pro-ecological answers (Dunlap and Liere 2008). Additional questions were therefore asked, which assessed reported environmentally friendly behaviour, such as recycling and reducing the use of the car. Appendix 5 contains the NEP survey and supplementary questions.

6.6.2 Interview Content

The questionnaires used for the interview were standard, and the interview process kept as closely as possible to the subject; however, they often resulted in a broader discussion. The questions covered the following areas:

- Communication of CSR policy, the individuals' awareness of the environmental policies of their organisation and of the organisation's CER;
- Internal embedding of change:
 - How environmental initiatives were implemented within the interviewees' own business units was examined, as well as the use of CER or CER content and rhetoric. This included the role of sensemaking (Weick 2003) in interpreting corporate messages, and any action being undertaken to embed change for CSR;
 - The questionnaire also asked about the change policies of the organisation, to determine whether transformational or incremental change programs, including those for CSR, were in place, and how these were being directed and managed;
 - The individuals' own ability to initiate change was explored to determine whether emergent change was occurring and whether change agents' activity was apparent;
 - The processes for CER implementation and maintenance were examined with individuals who were expected to be involved;
- External institutional influences - interviewees were asked about drivers of CSR policy and CER for the organisations and themselves.

The questionnaires are available in Appendix 3.

6.6.3 Interview analysis

The qualitative assessment of interviews was carried out primarily through content analysis. A secondary examination, using discursive analysis, was carried out to determine whether the policy

discourse or rhetoric used in the CER was consistent with the content of staff interviews, and could therefore be acting as an influencer (Spencer, Ritchie & O'Connor 2003).

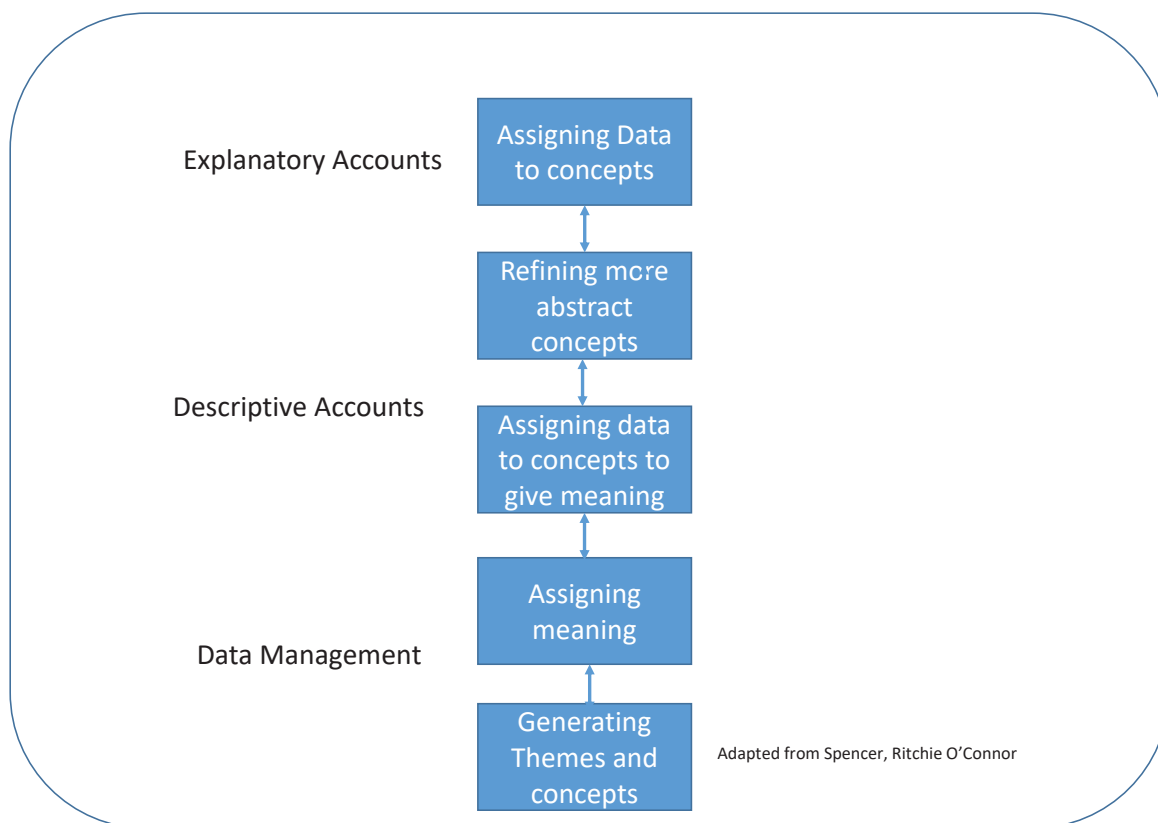
The focus of the analysis was on the themes, common sense, and meaning to be found in the data and assessment of the accuracy of the account. This research technique allowed the researcher to break down text into categories based on explicit rules of coding (Angus-Leppan, Metcalf & Benn 2010; Krippendorf 2004); and therefore to analyse large volumes of data in a systematic way. The approach focussed on conceptual content analysis, and included relational analysis for some of the themes identified. Conceptual analysis allows the detection of explicit and implicit concepts in the text (Angus-Leppan, Metcalf & Benn 2010); whereas relational analysis measures the relationships between concepts. Labels and categories were created to organise the data for analysis and to be coded and retrieved (Mason 2002).

Content analysis was completed by coding using the NVivo tool to assist in managing the data and results. Gephart (2004) recommends the use of computer-aided textual analysis (CASDAQ), as it allows for more systematic, comprehensive and exhaustive analysis. NVivo is classified as a CASDAQ program, and allows both the searching of text for key words, and the coding and retrieval of content (Fielding & Lee 1998).

Coding relied on the interpretation by the researcher of the transcribed interview content. The validity and reliability of human coding has been questioned by some researchers, due to the variability and potential inconsistency or lack of stability. The analysis was, however, completed entirely by the PhD researcher, which increased stability in interpretation, but may have increased bias and therefore be less reproducible.

An iterative analytical hierarchy was used in assessing the data (Spencer, Ritchie & O'Connor 2003), as illustrated in Figure 6.4.

Figure 6.4 – Analytical Hierarchy for Results Analysis



The analysis of the NVivo data was based on the themes to be examined, as identified through the literature review and information collected from the study organisations. This part of the analysis involved coding transcripts and documents for themes to be identified below. An abductive (Peirce, 1978 from Bommel 2014) method was then used, which iteratively compared the raw data with the themes and model outlined in the theoretical section of the present thesis (Bommel 2014).

The results were initially analysed as descriptive accounts, and then categorised into typologies that were constructed by the researcher (Patton 2002). Explanatory accounts were then created from the data.

The main themes of the NVivo analysis are shown below; and an initial indexing process was used to link attributes to the interviews and categorize responses on this basis:

- Classification of interviewee by location, area of business, seniority
- Information on company sustainability policies
- CER and Processes
 - o Reporting processes used by the companies
 - o Change process perceived to be used by the organisations
 - o Communication processes
- Employee Information
 - o Employees' source of information on company sustainability policy
 - o Employees' attitude to the environment
 - o Employees' ability to influence changes and involvement in change process
 - o Employees' involvement in reporting process
 - o Employees' involvement in change program
 - o Attitude to company environmental policy
 - o Attitude to CER, and whether this had affected their attitude to the environmental policy or the organisations
- Employee attitude towards change programs, and specifically change targeted at environmental process change
- Perceived internal drivers for change
- External influences for change and environmental change seen to be operating in the organisation
- Whether staff thought that attitude or behaviours changed because of CER or other sustainability initiatives
- Perceived influence of Leadership
- External influences on employee attitude or behaviour with respect to environmental activities at work

The indexed data was categorised further in NVivo, using nodes and links. A summarised Table of Nodes is provided in Table 6.2 below.

Table 6.2 Themes, Categorisation and Nodes used in NVivo analysis

Theme	Category	Node
CER use and process	Source of information on CSR (Sensemaking)	External Organisation
		Internet
		Management communication
		Reports
		Other
	CER Process (Process and Agency)	Report content
		Reporting process
		Report delivery
		Direct influence on behaviour
CSR in study organisation	Change for CSR (Process)	Perceived internal change drives
		CSR change process
	Employee CSR involvement (Agency)	Involvement in CER
		Involvement in CSR
		No involvement and reason

	Employee perception of CSR performance (Sensemaking)	Pro-active influencer
		Greenwashing
		Use of systems and standards
Change approach in organisations	Company change approach (Process)	Accepted change approach
		Change methodology
		Communication for change
		Management of change (hierarchical)
	Individuals and change (Agency)	Ability to affect change in organisation
		Attitude to change and influencers

Drivers of CSR and CER	Influences on company CSR behaviour (Drivers and Institutional Theory)	Market analysts
		Company culture
		Cost reduction

		Customers
		Head office
		Market positioning
		Media
		NGOs and pressure groups
		Shareholders
		Society

Analysis of the data did require consideration of whether an interviewee was stating a personal viewpoint rather than a view that was “generalizable for the organisations and legitimate” (van Bommel 2014, p.1167). The analysis process drew on the following to provided explanatory information:

- reasons given by interviewees themselves for data
- using common sense to provide an explanation
- drawing from other empirical studies from the literature review
- using the theoretical framework and model developed from the literature.

The results were then collated, and are presented based on the multi-level framework developed in Chapter 4. Data was collated against categories, which meant that it was largely examined out of context of the original interview. This approach allowed the researcher to interpret data on a particular theme across interviews (Strauss & Corbin 1998). When required, the original context was sought to ensure that the interpretation was correct (Spencer, Ritchie & O'Connor 2003).

The interview data were also used to compile some quantitative statistical data: for example, awareness of the CER across the management levels of the organisation. A quasi-variable approach was used to compare some of the coded themes with demographic data such as location (Spencer, Ritchie & O'Connor 2003).

6.6.4 Analysis of Case and Sub cases

The approach to the analysis of results of two ICT organisations was to examine the full data set as a case study, and then to look at the data for each study organisation as a sub case. This was designed to ensure that the areas of commonality could be revealed, as well as isolating any differences between the sub cases, and the reasons that these may be present.

Initially, the two study organisations’ characteristics were examined, to provide an understanding of their organisational structure, and approach to change for CSR and to CER. Based on studies of CSR and CER in the extant literature, differences in organisation characteristics could be expected to help explain variation in the interview data between the sub cases (Aguinis & Glavas 2012; Hahn & Kühnen 2013; Lozano 2015).

The data was first reviewed as a full case, that is, the interview results were analysed across the two organisations as a group, looking for themes in the responses and trends in the data. Once this

analysis was complete, then the interviews were re-examined to reveal any differences between the study organisations. These differences in the sub cases are reported in the results section where applicable. The analysis then examined the potential reasons for this variation, based on the various characteristics and approaches to CSR and CER of the sub cases, and any interaction between the varying factors.

6.6.5 Interpretation of the data

The interpretation of the results was achieved through the analysis of the results of the interviews directly, comparison between interviews and cases, and then a comparison with previous research in the field and relevant theories.

Interpretation of the results and the development of theory were undertaken in a two-step process. Firstly, as suggested by (Eisenhardt 1989, p.540), the researcher was able to “become intimately familiar” with each case and understand the patterns and potential contradictions within each organisation.

Cross-case analysis was then completed to establish any new patterns and ensure that the data were examined from different perspectives to reduce bias as far as feasible. The research, therefore, utilised the same theme, categorisation, and nodes, in a cross-comparison matrix between the sub-cases.

Thirdly, the results were compared with previous research to look at how the implementation of CSR in the study organisations compared with change for CSR in previous research, and so how CER could be acting to facilitate change for CSR. Key concepts that were uncovered during the literature review and were considered useful to explain change for CSR were compared with the interview data. Studies into the effectiveness of CER in driving change for CSR were also reviewed to see if any of the concepts or mechanisms described in earlier studies were apparent in the data. This process ensured that the interpretative approach was “enfolding the literature” (Eisenhardt 1989, p.544), allowing the data to be interpreted in light of previously published research.

The results were interpreted in order to elucidate new theories on how CER could facilitate the embedding of change for CSR. This interpretive process involved the review of key concepts that explain change for CSR. The next step was to determine whether the results showed that CER could have a role in facilitating the process for change for CSR in the manner described by these concepts. The results were also examined to elucidate any new concepts that emerged from the data. This process aimed to allow a deeper insight into the emergent theory.

The emerging theories from this process were placed into the proposed multi-level framework derived from the literature, and a systematic comparison undertaken as suggested by (Yin 1994). This was an iterative process of refining the theory so that it was compatible with the results. Information from the cases was reviewed independently and together, in order to confirm or discredit the hypotheses.

CHAPTER 7 – CASE STUDY ORGANISATION PROFILES

This chapter provides information on the profile of the case study organisations, the status of the companies' CSR and CER policies, their approach to change for CSR, and the implementation and use of the CER within the organisations. The chapter further details information about individuals who were involved in the study, their attitudes to the environment, and their understanding of CSR as currently implemented in their organisations. This information, combined with the previous chapter, illustrates the situation and conduct of the empirical research as indicated in Figure 1.1.

The level of awareness on the part of personnel of the information in the CER is a key aspect of the present study that is reported in this chapter, as it is important to understand how effectively CSR policies are communicated through the study organisations. Interviewees were therefore asked about their awareness and understanding of company CSR policies, CSR performance, and how they received this information.

The chapter also reviews the results of the assessment of the quality of the case study organisations' CER undertaken as part of the research. It should be noted that the CER document was not widely published in either organisation, and therefore some of the analysis in subsequent chapters is based on information presented in the CER as disseminated to the organisation through other mechanisms.

7.1 Study Organisation Profiles

7.1.1 *Organisational Field for Research*

The organisational fields for the study organisations in this thesis are complex, as both are MNEs, one based in Australia, the other in Japan. The organisational field is therefore constructed as follows:

- the local Australian environment, including that for CSR;
- the influence of the country of origin, Australia and Japan;
- the industry sector, ICT, from which company and competitor comparisons are largely made.

As discussed in Chapter 2, the Australian adoption of CSR is perhaps behind that seen internationally (Lau 2009); although the KPMG (2013) survey indicates that large organisations in Australia show high rates of CER publication that are similar to other regions. The ICT industry is, however, acknowledged as an early adopter of CSR, thus the organisational field could be considered a positive environment for the uptake of CSR by the study firms (Crainer & Dearlove 2010).

7.1.2 Study Organisations Profile

The study company profiles are:

Tele1

- National ICT company
- 27000 employees across Australia
- Multi-billion dollar turnover
- Active sustainability policies

ICT2

- International Information Communications and Technology (ICT) company
- 5000 employees across Australia
- Multi-billion dollar turnover
- Active sustainability policies

The study organisations are over 15 years old, and have been historically large hierarchical companies. The organisations have conducted a significant number of change programs in the past decades, which consisted of major internal re-organisation, to meet their business challenges.

Tele1, like many of its overseas peers in the sector, has had to embrace change. The company is typical of a large public organisation. At the time of the research it had 27,000 employees, was organised into a many-tiered hierarchy and, historically, was highly unionised. The organisation had been privatised over time, and has slimmed down from 36,000 staff over the previous 5 years (Ross 2003, Crainer & Dearlove 2010). New management structures and processes were put in place to drive both organisational and innovative change. The company retained some large company attitudes, although it states in its literature, “we are now better adapted to cope with market pressure and changes”^[17]. This was assumed by staff to include sustainability^[20].

ICT2 is a global Japanese company, with offices and operations in Australia. Historically, the company managed country-based business units as largely independent entities, with their own operating strategies, product set, and financial control. At the time of the research, this organisational paradigm was changing, with the central Japanese organisation attempting to introduce a global brand identity and standardised corporate values. This initiative was designed to help the company face the market challenges of ‘the Cloud’ (centralised storage of IT data) and to grow markets outside of Japan^[24]. This major change program was described^[24] as being: directed by senior management; aimed at producing transformational change; and using business process reengineering techniques facilitated by change agents. The program’s aim was to “contribute to society”^[24] through ICT2’s behaviours and services, as well as to provide products.

7.1.3 Status of ‘Sustainability’ in Study Organisations

To understand the position of the study organisations in respect of their CSR implementation, the researcher carried out pre-interviews with Sustainability Team Leads in both companies, and reviewed the available published information pertinent to CSR on the internal website, and in the published CER.

The status of ‘sustainability’ within the organisations was assessed against criteria provided by Benn, Dunphy and Griffiths (2014) detailed in Chapter 5, to provide the basis for determining whether an organisation had moved beyond ‘Compliance and Efficiency’ to ‘Strategic CSR’, and on to becoming a ‘Sustaining Corporation’. An initial assessment was made, which was then to be confirmed, or otherwise, by the interview process and a more detailed analysis of the CER.

The results of the initial assessment are provided in detail in Appendix 6.

During the analysis of the results it became apparent that the initial assessment of the status of Tele1 was not supported by the information provided by the interviewees. Tele1’s public information, both internal and external, had indicated that the company was in the Strategic CSR stage however, the interview results led to the conclusion that the company’s CSR activity was actually at the Compliance stage. The key areas of difference are detailed in Table 7.1 below (in italics).

Table 7.1 CSR status re-evaluation for Tele1

Strategic Pro-activity	Senior level support based on efficiency stage gains	Yes	Reports to CEO and policy in place.
	Diffusion of strategic goals to all parts of organisation	Limited	CSR message diffusion reliant on Sustainability team <i>and not across the organisation as not a ‘strategic’ initiative.</i>
	Allocation of corporate resources to key areas	Mixed	Resources allocated when business case clear or a risk of non-performance. Operational areas were proactive.
	Identification of strategic alliances and emerging opportunities	Limited	Customer requests for CSR and Sustainability team driving opportunities, <i>however only in one division, not across the organisation and not in an organised manner.</i>
	Accreditation program	Mixed	In operational areas <i>only</i> , training where needed and use of assurance.

			No plan to broaden the accreditation program.
	Strategies reviewed for performance	Mixed	Weekly in <i>senior meetings</i> and in CER. Reviews only carried out below senior level in some departments.

The status of ‘Beyond Compliance’ was further confirmed by the responses from Senior Managers and some staff when discussing Tele1’s approach to CSR. The company was described as a follower and not taking the lead in CSR in the marketplace. The company had a focus on ensuring that all compliance obligations were met, rather than having a strategic aim of promoting CSR or Green IT as part of its service and product offering. Two representative comments are as follows:

“Are we just straight compliance or do you mean sort of being innovative and being ahead of the pack? No, I’d say that we’re probably average. I think we do quite a bit, probably not as much as some other companies but in terms of what our risks are, the level of management is appropriate. We go beyond compliance, we know that for a fact. We’ve been doing that for a number of years. For many years it was just compliance. After [all] we are not that kind of company and the nature of our operations, we’re not a big dirty polluter essentially”.

Junior Manager Sustainability Tele1

“In some ways Tele1 is trying to be green, in terms of within our scope of control, for sure. I think Tele1 is driving manufacturers to keep to the national environmental guidelines and I suppose leading by example, for want of a better term. I don’t think we’d go and try to influence competitors or people outside the industry, but certainly where we have to, we ask the suppliers and certain partners to follow our environmental goals”.

Middle Manager Tele1

7.1.4 Results of Employee New Environmental Paradigm (NEP) survey

To provide an indication of the attitude of staff to the environment, the sample groups from the study organisations were surveyed using the NEP survey scale established by Dunlap et al. (2000). The NEP survey has been used across a wide range of populations, and can therefore be used to benchmark employee attitudes of each organisation against each other, and against overall averages collected internationally (Dunlap and Van Liere 2008).

Table 7.2 below summarises the results of the NEP survey which was undertaken by all participants prior to the interview taking place. The scores were compared with internationally documented results in order to provide a combined score for the case study organisations and the research cohort as a whole. The sample scores were similar in the two sub cases, with no significant difference in any of the categories. A comparison with international data shows that the study organisation results are more pro-ecological than the average as outlined in Table 7.2 below. This may reflect:

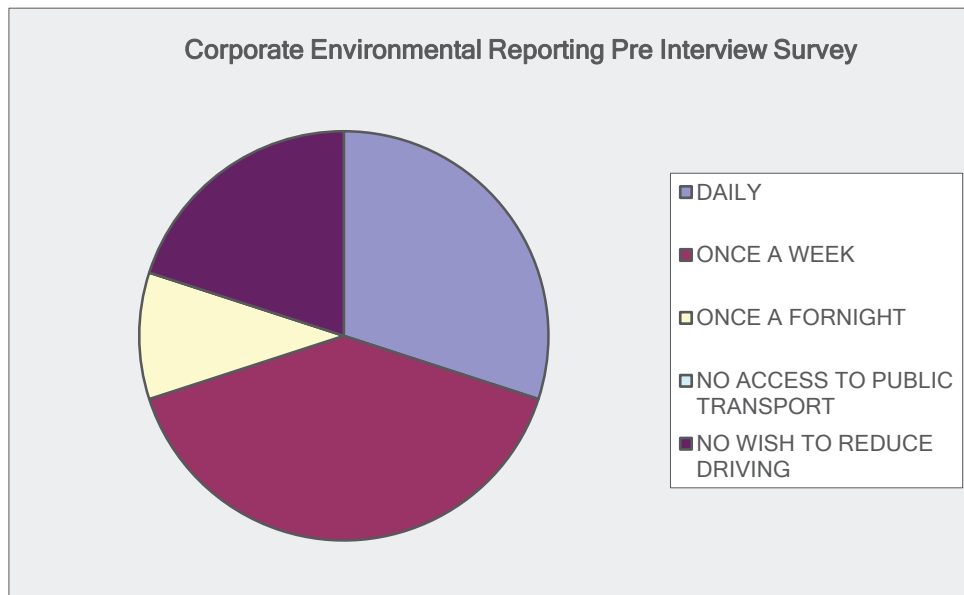
- the higher profile of CSR in Australia at the time;
- that the interviewees assumed that the researcher was pro-ecological, and therefore answered more positively than they might have done otherwise.

Table 7.2 – NEP Survey Results

Subject	Overall	Tele1	ICT2	Comment
NEP Survey Results	75 % Pro-ecological	74% Pro-ecological	75% Pro-ecological	Higher than international results at 67% pro-ecological
NEP Survey Results – Seniority	Senior Managers - 66% Pro Individuals – 82% Pro	Senior Managers - 71% Pro Individuals – 83% Pro	Senior Managers - 61% Pro Individuals – 82% Pro	Senior Managers more profit focussed and older

As shown below in Figure 7.1 the additional questions asked of interviewees that assessed reported environmentally friendly behaviour differed from the results of the behavioural questions, as these responses were clearly not as pro-ecological. This is consistent with expectations from the literature on previous surveys (Dunlap & Van Liere 2008).

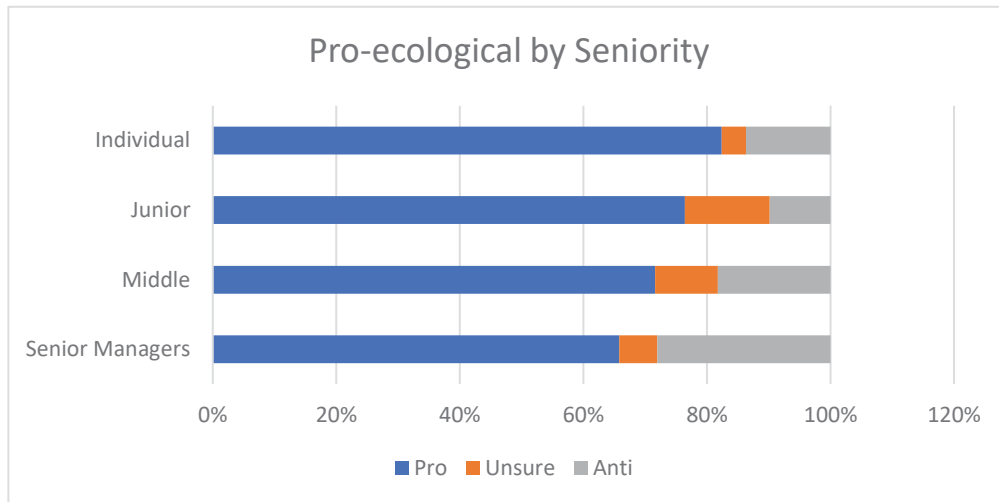
Figure 7.1 – Results of Pre-interview Survey Behaviour Questions



7.1.4.1 Results of NEP Survey by Seniority

The results were further analysed to understand whether there were any differences between the attitudes of leaders and staff within the organisation. Analysis of the interview data reveals that the less senior members of the study groups were in fact more pro-ecological than were the managers.

Figure 7.2 – Pro-ecological Bias of Interviewees by Seniority



The reasons for the weaker pro-ecological result in senior managers could include the following:

- greater focus on the capitalist society and company financial performance, in which they wished to be considered successful;
- research bias, i.e. more willingness to admit to anti-ecological bias in front of the researcher.

This pattern is consistent across both organisations, although with a slightly stronger pro-ecological bias, 66% vs 60%, in the senior managers of Tele1. This was unexpected, as ICT2 had the more aggressively active stance of being a 'leader' in CSR, however the low numbers of senior staff interviewed meant this is not a significant difference.

7.2 Case Study Organisations Profiles for CER and CSR

This section aims to establish the processes for CER and the organisational change approach for CSR, which will provide the context for the review of the role of CER in embedding change for CSR.

The initial part of the review focusses on awareness and communication of CSR and the role of CER. CER is a communication vehicle for CSR, therefore the aim of the analysis was to evaluate the

awareness of CSR in the study organisations and CER's role within that communication. Firstly, the status of CER within the study organisations is reviewed and assessed against the methods outlined in Chapter 5. Secondly, the content of the CER is assessed. Finally, the organisations' approach to CER and processes used to implement the reports are reviewed. This information provides the base for the later analysis of the effect of CER on the introduction of direct process change, for example to monitor performance.

A review of the overall approach to change, and the dominant change approach for CSR, within the cases study organisations is presented. This review provides the context to assess how CER may play a role in embedding that change for CSR, based on whether the approach is predominantly planned, emergent or ongoing. The review aims to discover the areas in the organisations that were, or should have been, involved in change for CSR, as it is here that CER needed to be effective. An important element of the change approach within the organisations was the level of empowerment of individuals at the different levels of the hierarchy, which was potentially significant in terms of their ability to influence the embedding of change for CSR. Put simply, if an individual is not empowered to make change, then they are unlikely to be able to take up change for CSR or be influenced by or use the CER.

7.2.1 CSR Status in the Study Organisations

The status of 'sustainability' within the organisations was assessed against criteria provided by Benn, Dunphy and Griffiths (2014). The full results are provided in detail in Appendix 5.

The status of 'sustainability' within Tele1 was confirmed to be beyond compliance, with the organisation having reached the 'Strategic Pro-activity' level for its CSR activity. This status reflected the organisation's risk-averse profile, as it was compliant without being an innovator.

ICT2 was also determined to be at the 'Strategic Pro-activity'; although by adopting a 'market leadership' approach to CSR, some criteria indicated that the organisation was moving towards being a 'Sustaining Corporation'.

The case study companies' approaches to CSR are discussed further in Chapter 8.

7.2.2 CER status in the Study Organisations

To be effective in communicating internally, CER needed to be acting as an auto-communication tool to increase awareness of the CSR policy. This section, therefore, reviews the awareness of both

CSR and CER, to determine whether individuals were aware of the report itself, the information within the report, and the organisation's CSR policies.

The CER assessed for this research were glossy publications with a mixture of company rhetoric, stories, and hard CSR targets and performance data^[32, 33]. Both CER contained vision statements and reports from senior leaders in the organisations, and well as 'good news' features from the field staff. Issues reported on varied based on the companies' assessment of what would project the most favourable company image^[2, 7]. In Tele1, the recent change to a central Corporate Citizenship Report had altered the format of the report, making it easier to read and understand^[18]. Despite ICT2's report being collated in Japan, the local team's assessment of the reporting for ICT2 in Australia is that the division was "very mature"^[1] in comparison to other international divisions in terms of its contribution to that reporting.

7.2.3 Study Organisations' CER Assessment

The published CERs of the study organisations were assessed using the two approaches described in Chapter 6, to determine their effectiveness as a communication vehicle.

7.2.3.1 CER Approach

Tele1 published an Annual CSR report, which was "congruent with the company's CSR principles"^[2], as well as complying with NGERs regulation and Australian Financial Security Authority (AFSA) requirements for annual reports. Considerable emphasis was placed on achieving quality data and making sure that it was scientifically correct, which is consistent with what senior interviewees described as a risk-averse approach^[4, 34]. Tele1 only selected what was perceived to be the material impacts of its activity on the environment^[2], and included data on these items in the report. Items not considered to present the company in a good light were not included. This was seen to reduce the impact of the report, at least internally^[3]:

"They [management] might say we want this and our team haven't got the information – and therefore we don't ask ... I think it's more promoting when they feel they've done something worth promoting".

Individual Contributor, Sustainability Team, Tele1

Governance played an important role, with Tele1 placing considerable emphasis on producing a full auditable report to GRI standards and so presenting the company as a good corporate citizen to the

market place and public [2, 33]. The company was also moving away from reporting on project-based initiatives, partially driven by the need for auditability and the materiality of the CER[26].

Sign off on the report was required from Public and Investor Relations managers, all senior teams, and the CEO, as there was a clear awareness that the statements and targets in the CER were a public commitment to shareholders and the wider Australian society regarding the company's CSR strategy[4]:

“I think that Tele1 has a good published record of protecting the environment through its policies and processes. They have a long history of very good focus on energy management and resource efficiency from what I can see on the intranet. And good policies and processes around things like when they need to dig holes in the ground to build networks and so forth in terms of biodiversity and environmental impacts as well as community consultation”.

Sustainability Team Lead, Tele1

The only objection raised to the production of a CER in Tele1 was that the level of effort associated with producing reports was growing significantly and coming under scrutiny from the CEO[4, 35]. This was based on the concern that much of the reported information remained voluntary, and that there was little evidence of its use by investors or external stakeholders. Combined with the fact that the organisation saw the “materiality of its environmental impact as limited”[2], the increasing effort was being questioned. This point was not fully explored; therefore, further research is required into the cost of producing the CER and its materiality:

“There’s a whole bunch of little companies underneath us [in terms of CSR impact]... so the question is being asked if it’s worth all this effort. Even [XYZ] are showing fatigue”.

Sustainability Team Lead, Tele1

As a Japanese-owned organisation operating as a branch in Australia, ICT2 did not have to comply with AFSA regulation regarding shareholder reporting[7]. ICT2 was also not large enough to be forced into GHG Emissions reporting through the National Government Emissions Reporting scheme's (NGERs) reporting process. NGERs reporting was due to come into force for ICT2 in the next financial year, when reporting would be a legal requirement; therefore, the organisation was implementing reporting systems to comply. The Japanese parent company and local management had not taken the step of publishing a formal CER in Australia; however, information for the local region was available through the website.

The International CER was available through the website and printed, although was hard to obtain:

“Unfortunately, I only know that in Australia it’s not used as much as it should be. This year I [0:15:21] Japan and asked them to send me eighty copies so we can do a direct mail out to customers. They haven’t arrived. They’re about three or four months late. I plan to use them a bit more this year. There’s an electronic version that sits on the global website and we have a link through to that location, yes”.

Middle Manager, Sustainability Team, ICT2

The impact of the CER as a formal document was, therefore, very limited; however, the information for the international CER was widely used^[36].

Information for the international CER was also required from the local organisation in Australia, consistent with the Japanese parent company placing considerable emphasis on environmental performance worldwide:

“Our Sustainability Global report is signed off by our President, our corporate environment report is signed off by our [local] strategy unit who is a representative of the Japanese parent and checks it is consistent. Our local data is signed off by the Sustainability Board which is [CEO] Sustainability Manager and [two Dept Heads]”.

Sustainability Team Leader, ICT2

ICT2 took a marketing-style approach to the production of CER information and statements, partly because there was no regulatory requirement for it to report in Australia, which gave the company more freedom in the manner it published its information. All CSR messages to the stakeholders and market were ‘filtered’ to ensure that they fitted with the marketing message^[1]:

“Last year we contributed by putting together a couple of stories around what we did in community reach and we facilitated that with HR, and that got into the 2011 report, which is good. The year before that we put together a case study on our consulting services to [ABC Comp], just as an example. It went into the international report, so that helps the Australian company. Well, we will always monitor performance against targets yes, but that doesn’t necessarily mean it’s in the [CER]”.

Individual Contributor, Sustainability Team, ICT2

7.2.3.2 Report Structure and Content

Tele1 published an Annual CER, the ‘Corporate Citizenship Report’, which was available on the web site and in paper copy. This was a glossy professional document, audited against GRI, with an audit page provided.

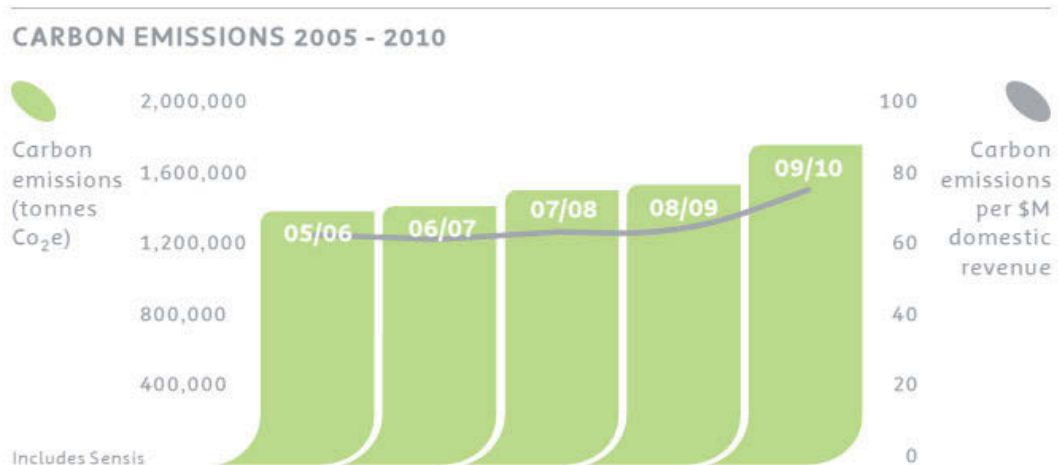
The document contained policy statements from the CEO, which positioned the organisation as responsive to stakeholder welfare and concerns whilst focussed on business performance:

“For [Tele1] corporate citizenship is about good business. We want to be a great place to work, a great company to do business with, and a great company to invest in”.

Tele1 Corporate Citizenship Report

The company’s strategic environmental principles were included in the CER, and stated that the organisation was looking to achieve ‘beyond compliance’, although not CSR leadership^[33]. The coverage included the core Tele1 business and some overseas data; however, major subsidiaries were only partially included. Case studies and anecdotes about successful projects were a feature of Tele1’s CER, with the initiatives described most often accompanied by case- or project-focussed information rather than performance data. The environment section was more specific, with data and targets clearly set out. The focus was on carbon emissions, in part with the need to report under NGERs driving the collection of the data ^[2] as can be seen in Figure 7.2 below

Figure 7.3 – Carbon Emissions Tele1 CER



Those compiling the CER did recognise the importance of providing stakeholders with easy-to-understand information on matters of importance [2, 26]. This was consistent with Tele1's new focus on customer service, brought in by the CEO and highly featured throughout the CER.

The CER produced by the Head Office of *ICT2* in Japan was a substantial glossy report. The management statement from the CEO makes it clear that, as well as the focus on customers, *ICT2* was aiming to be a leader in pro-environmental performance:

“We will make contributions by helping to solve the many challenges facing society today starting with the environment”.

ICT2 Environment Report

ICT2 in Japan had a highly-structured approach to environmental reporting, and had developed its own accounting system, which gathered detailed data from across the Japanese organisation, the manufacturing plants, and international subsidiaries. As sustainability was one of the key international strategies for *ICT2*, reporting was signed off by the President and Board. The CSR strategy was highly visible on the international website where the report was available. The report referenced the GRI standard; however, it did not include a formal reference table to sections. Independent assurance was undertaken by a Japanese assurance agency, and the certificate included with the report was classed the report as compliant.

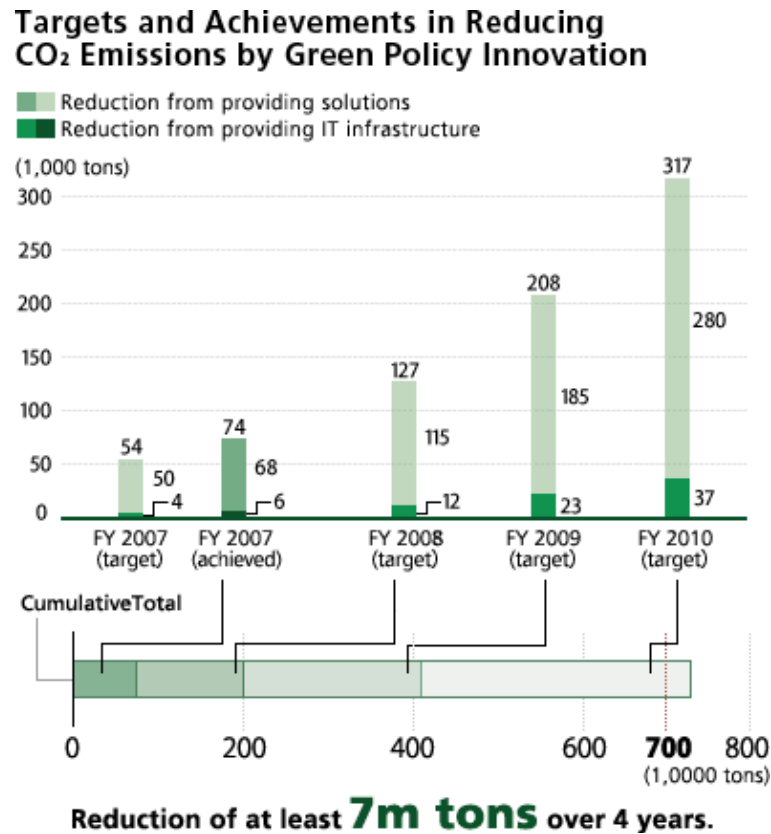
In compiling the report, *ICT2* claimed that it had consulted stakeholders about the previous year's report, and included subject matter that, in the opinion of internal departments, was “important for our stakeholders”^[32]. However, there had been a very limited formal stakeholder engagement process. Three leading environmental experts in Japan were consulted, and a communications office had recently been established to improve stakeholder liaison.

The report had a significant number of pages devoted to environmental management, some 40 pages out of 78, which is consistent with the philosophy the company has held since the 1950's of operating in harmony with the environment. The material covered included:

- environmental policies;
- products and services, including specific information such as how data centres are designed to reduce energy consumption;
- policies on Green IT and reducing the environmental burden;
- ‘Green IT’ projects.

As shown in Figure 7.4, results were reported for the past year, and forward performance targets were provided for the next 3 years; and the report included a guidance table so that readers could access the detail of how this would be achieved. The data and targets reported were those selected by the organisation, and subject to a specific program. The report also presented a series of ‘Projects’ aimed at reducing environmental impact.

Figure 7.4 – Carbon Emissions ICT2 CER



7.2.3.3 Report Distribution

The distribution of the CER was a factor limiting awareness of the report across the organisations. The approach to distributing the CER was remarkably passive, considering the level of effort that went into its production. The report document itself was made available on the websites or by request. In neither organisation were reports formally rolled out to employees, nor were they actively distributed to stakeholders^[2, 7]. Typical of this approach was Tele1, which saw the role of the report as a communication tool, but did not actively distribute it for this purpose:

“Well, it is a communication tool but the way that it’s used, how that information is used is a number of ways not as a whole. One, it’s a one-stop shop for all of this information for our employees to draw on for responding to enquiries from customers. We have increasingly seen requests from key business customers that want to know our approach and performance in relation to a range of EFG issues.”

Corporate Reporting Team Lead, Tele1

The information from the CER was, however, widely available and used for a number of internal and external purposes by the organisations^[9, 10]. This availability of CER information was largely driven by the sustainability teams.

7.2.3.4 Quality of CER Information

Data and information collection processes for CER in the organisations were very similar, and relied almost entirely on the sustainability teams and, in Tele1, the specialist reporting team.^[26, 35]. Considerable emphasis was placed on achieving quality data and making sure that it was scientifically correct:

“And I guess a third general area is the sites and the data integrity, that’s sort of a broader overarching strategy and philosophy that we have and that is that we want quality data, we don’t want made-up data or imagined data. So, we’ve got a big focus of making sure that’s scientifically correct”.

Sustainability Middle Manager, Tele1

The use of spreadsheets as data templates^[7, 23] to collect and store data was the preferred option for the study organisations. There was also a dependency on individuals who understood the data to ensure the information was correct^[23, 35].

CSR information had been published for some 10 years in Tele1, and provided on the intranet for four years^[23]. In ICT2, data was primarily gathered to feed into the international report^[19]. The historical data was kept by the sustainability team in a spreadsheet of 5 years of history^[35]. The environmental data was found on a private area of the company’s Sharepoint site, and thus not available to the majority of employees.

7.2.3.5 Materiality Assessment for CER

CER for the two organisations were created by teams who had a focus on the company image and on ensuring that the report presented the information available in the best light. The Tele1 CER was collated by the Corporate Reporting Team, who played this role across all reports from the organisation^[2]:

“We go through a materiality process in advance of putting together the corporate citizenship report which will include considering what the material environment issues are for Tele1. I would then, in terms of getting information from the people that provide that to us for the report, let people know what the key areas of environment are for us that have emerged out of that materiality process and expect that we’ll receive information that relates to those. So, that kind of using a GRI framework, that it’s also the principles associated with the AA 1000 assurance standard which is what we get assessed against”.

Corporate Reporting Team Lead, Tele1

In ICT2, the Japanese team’s approach clearly reflected the company’s aspired aim of “living in harmony with the environment”^[32] and presenting this to the readers, hence the report was extremely detailed^[1].

The assessment of materiality in the study organisations appeared to be subjective rather than based on a reporting or other standard. Both companies had formal materiality processes run by the teams collating the reports, with input from the sustainability teams and senior management. However, no information was available on how materiality was determined, probably because this was based more strongly on protecting the company reputation and image than on objective criteria^[4, 15]. This process resulted in a loss of credibility for the CER, certainly amongst staff, their perception being that information was selected based on successful results that are available rather than on the need to provide a comprehensive report.

7.2.4 Assessment of CER Quality

7.2.4.1 Method 1 - Rating against GRI and Assurance

Tele1's CER was independently audited by a local specialist firm, and was rated C+.

Historically, there had been no formal external audit of the data or the report for Tele1; although the company had undertaken an audit for the Greenhouse Challenge, but this was a "one off"^[4]. Internal auditing happened on a regular basis. In the year of the research, the Corporate Responsibility Team had used external auditors for the first time, a small specialist consulting firm.

ICT2's formal CER, produced in the Japanese Head Office, was independently audited by a local branch of Ernst and Young, plus a Japanese assurance specialist, and was rated B+.

In Australia, for ICT2, no auditing for CSR had been completed, except for ISO 14000, which was not directly related to CER. The intention was to utilise Japan's auditing process when the EMS was fully set up.

As ICT2 would be reporting to NGERs in the following year, the company was introducing an external auditing process:

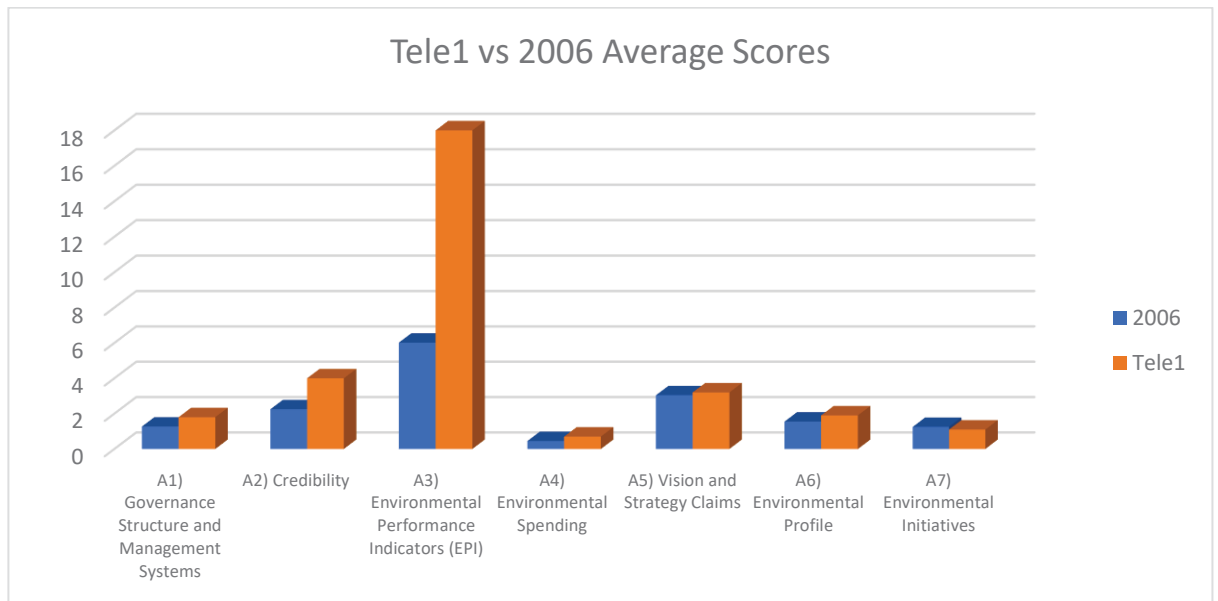
"I think that this is just internally until we have something in place to start looking at our suppliers and that requires greening up of our suppliers. We have had an initial meeting with Ops and what we need to do first is internally get some sustainability questions and approach to the process. Then how we choose a supplier, at least at the forefront, and then we are going to start working with supplier and say, well give us a rating and then make it a little bit more robust and more policy driven. Maybe in 12 months time we want to use a supplier that has a rating of 5 to audit us".

Sustainability Team Individual Contributor, ICT2

7.2.4.2 Method 2 CER Assessment - Clarkson Scale

Using the Clarkson scale, Tele1 CER does not score highly, with 30.7 out of a potential 96 points. However, the report does compare favourably with the average scores reported by Clarkson for 2002 and 2006, which were 11.29 and 15.66, respectively. The graph in Figure 7.5 shows the key assessment criteria as compared with the published averages for this scale from 2006.

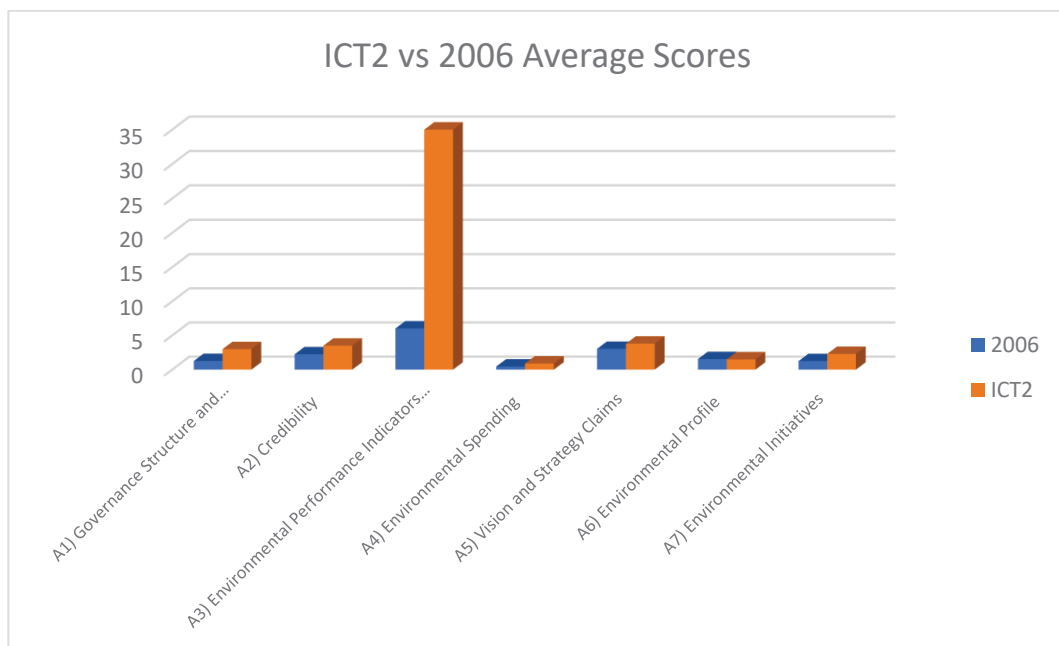
Figure 7.5 – Tele1 CER Clarkson Scores



For Tele1, reporting against “hard” targets (A1-A4) was better than the average reported by Clarkson, although still less than 50%. The “soft” targets reporting also shows better performance than for the average firm.

Using the Clarkson scale, ICT2’s CER scores were above average, with 50 out of a potential 96 points, as shown in Figure 7.6. As with Tele1, the report compares favourably with the average scores reported by Clarkson for 2002 and 2006, which were 11.29 and 15.66, respectively.

Figure 7.6 – ICT2 CER Clarkson Scores



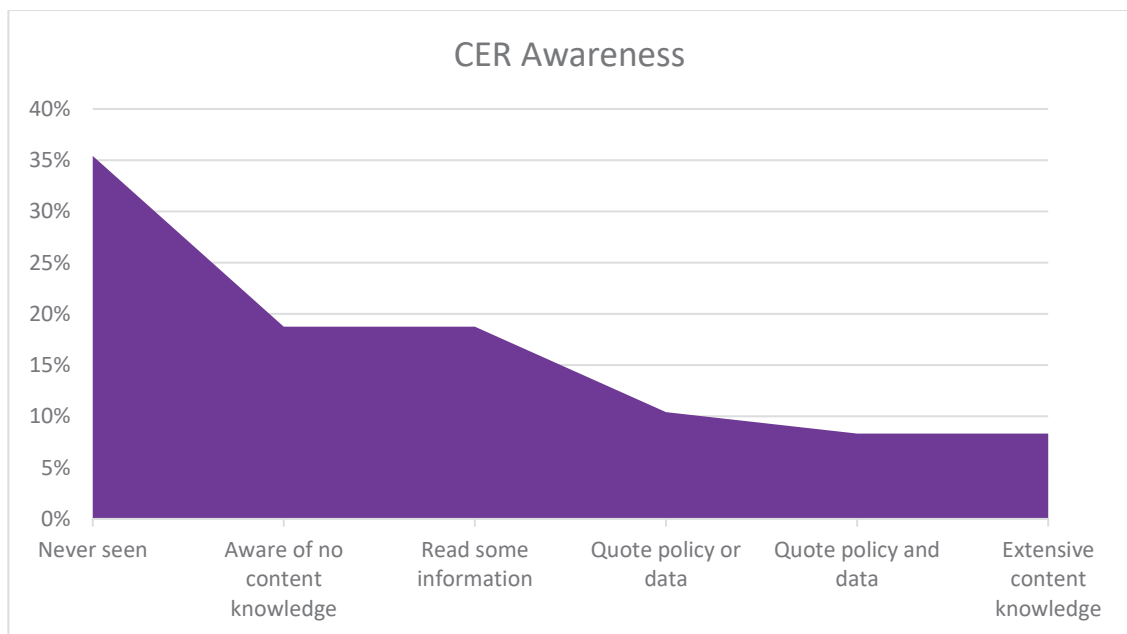
Reporting against “hard” targets (A1-A4) was significantly better than the average found by Clarkson. EPI showed a very strong performance, which is reflective of the GRI B+ rating of the report. The “soft” targets show better performance than for the average firm.

7.2.5 Overall Awareness of CER

This section reviews the overall awareness of the CER across the study organisations. Table 7.2 summarises the findings of the review at the end of the section.

The data presented below in Figure 7.7 indicate that the awareness of the CER document is limited across the case study, with less than 40% of interviewees stating that they knew of the company’s CER. This low awareness could be partly due to the fact that it was difficult to obtain copies of either international or national reports.

Figure 7.7 – Awareness of CER



A marked difference between the sub cases was expected, as ICT2 did not publish a local CER; therefore, the formal CER document played virtually no role in communication to staff. However, the position was not as clear as expected, because Tele1, despite putting considerable effort into the production of the CER, did not regard this as a primary internal communication document for CSR:

“Well, it’s just a passive report that sits there on the shelf, so in itself no it’s not. And I haven’t seen any... in an environment seen any efforts made to build awareness using the report. From a perspective of someone that puts together the report, the educative piece in it is the engagement that happens with people in a company to put it together and the conversations that are had. I’ve been doing it for three years now and the opportunity that you have to educate, build awareness and so forth over time through that reporting process, that’s where I see the education opportunity”.

Corporate Reporting Team Lead, Tele1

Critically, however, for both companies’ CSR policies, performance targets and specific data from the CER were available through other sources, as detailed below. Data for the international CER in ICT2 were gathered across the organisation, for supply to the Japanese parent company^[1]; so there was more awareness of the CER content than would have otherwise been the case.

7.2.6 Stratification of CER Awareness

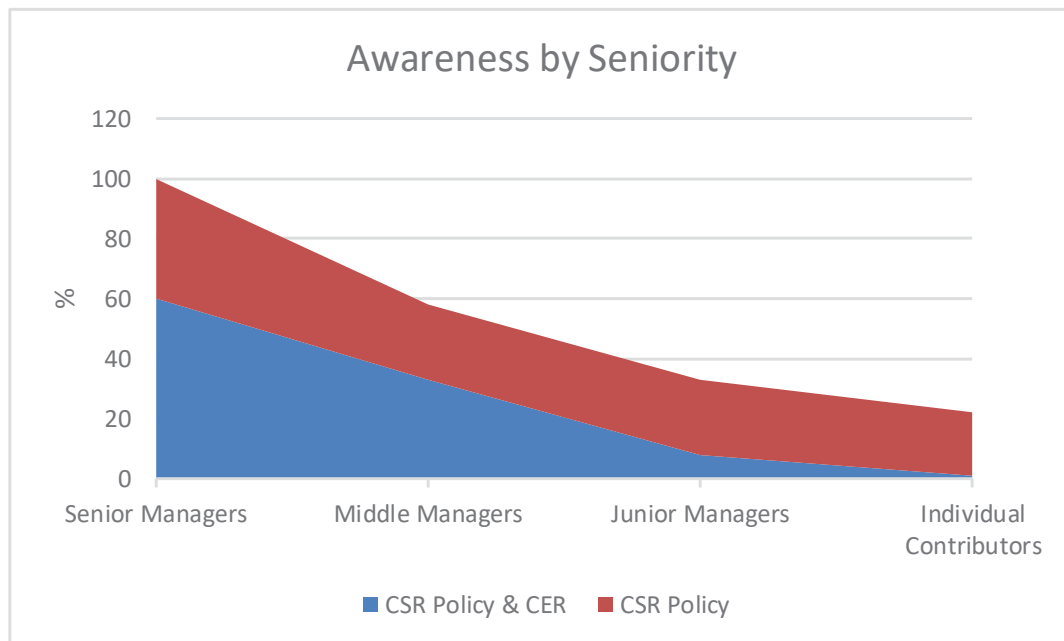
In principle, to contribute significantly to the embedding of change for CSR, the CER, or content created for the CER, must be available across the organisation. The report needs to be available to key staff at all management levels and across locations. The results were, therefore, analysed to ascertain whether this was the case.

Awareness by Seniority

As can be seen from Figure 7.8 below, communication of CSR policy and awareness of CER reduces from senior management to the operational levels of the study organisations. This is consistent with the reported “traditional manner”^[37] in which both organisations cascaded information to employees from leadership to staff^[37, 38]. Awareness of CER was strongest at senior manager level and amongst the sustainability team, as both groups were involved in CSR policy and reporting environmental performance.

A lack of penetration of the CER and environmental information down through the organisation was marked, as less than 20% of individual contributors were aware of the CER. Those individual contributors that did obtain information from CER were generally in the operational areas^[6, 39].

Figure 7.8 – Awareness of CER by Seniority



Senior Managers in both organisations were provided with “need to know”^[5] information on CSR, and often had a role in creating content for CER, in the form of either policy, targets or performance measures. In Tele1, Senior Managers needed to provide updates on a weekly basis to the CEO’s meetings. In ICT2, there was a requirement for performance targets to be agreed for the international CER, and for senior manager to be involved in writing CSR policy in line with that of the Japanese parent company.

The profile of awareness of CSR information across the organisation in ICT2 was not as ‘top biased’ as in Tele1, with staff at all levels having a similar level of knowledge of the company’s policy and performance targets. ICT2’s higher awareness pattern could have been augmented by a change management program underway at the time of the research, which was being driven from Japan. A key part of this program was a “cultural element”^[24], one of the aims of which was increasing the organisations’ awareness of the environment^[24]:

“There were information sessions based on the international reporting about what we've got to do as a company and what our responsibilities are as a leadership team. It was a good event. There were targets in it that we talked about, what we were trying to achieve as [ICT2] and we certainly had achieved those targets, and X put up targets we were trying to achieve and showed we'd not only achieved them but we'd exceeded them. I reckon we'd be in the top quartile in terms of what we do. I think it's been driven out of Japan, and I think as a company we've embraced it pretty hard”.

Senior Manager, ICT2

Furthermore, in ICT2, Senior Managers and the members of the sustainability team commented that the CER was particularly useful in terms of education, as it brings together information on environmental activity in international divisions with the strategy.

Middle Managers across the case study had some awareness of CER and could quote CSR policy, with most knowing that environmental performance targets were present. Data on performance against targets was not known by the middle management group, unless they had an operational reason or personal motivation to find the data. There was a clear appetite for further information:

“I think that it would be beneficial if we had reporting to other layers because I think that, if you want people to change, you need to be reporting to them and showing them the data so that they - and I think that the reporting needs to be as much as possible linked to their direct business area so, for example, if I was looking at a report that was showing data on the environmental impact of the whole of [Tele1], it's not going to get very far because he knows that he can't be pinpointed as an individual as to how he contributes to that but, if I was to sit down and look at a report that showed environmental impacts of the direct part of the business he manages and what he - his people do on a day to day basis, I would get a lot more engagement”.

Middle Manager, Regional Office, Tele1

Junior Managers and Individual Contributors who were aware of policy fell primarily into the following categories:

- Motivated individuals interested in the environment, who actively searched for the CER;
- In Tele1, 'offsite' operations staff, either working from small operation units or on mobile projects, who need to access information for compliance, EMS or performance reporting;

- In ICT2, marketing, sales and associated legal teams were aware of CSR policy and CER information, as it was required for sales tender documents and marketing material. This grouping was apparent, though less prominent, in Tele1.

The pattern of awareness in part reflects the CSR approach of the organisations (as discussed further in Chapter 8). ICT2 aimed to be a leader in CSR, meaning that there was a strong focus on utilising CER information with customers to “back up”^[40] its claim. In Tele1, there was a high level of focus on operational risk and compliance, which included CER reporting on CSR performance on a regular basis.

CER content and CSR were widely promoted across the companies’ websites as part of company policy^[18, 40]. A feature that was clearly shared by the two organisations was the effort that the sustainability team expended to try to communicate the CSR message across the organisations. However, the messages simply did not seem to have been getting through. A common comment recorded was that the interviewees thought that “the company was probably producing the information, however [they] had not seen it or really looked for it”^[21]:

Awareness by Location

No respondent raised being remote from Head Office as a barrier to communication. However, as can be seen from the analysis of source of information below, much of the communication was supplied directly by a local manager or by colleagues, so that the results showed a distinct, although not significant, trend for information sources to be stronger in the Head Office locations.

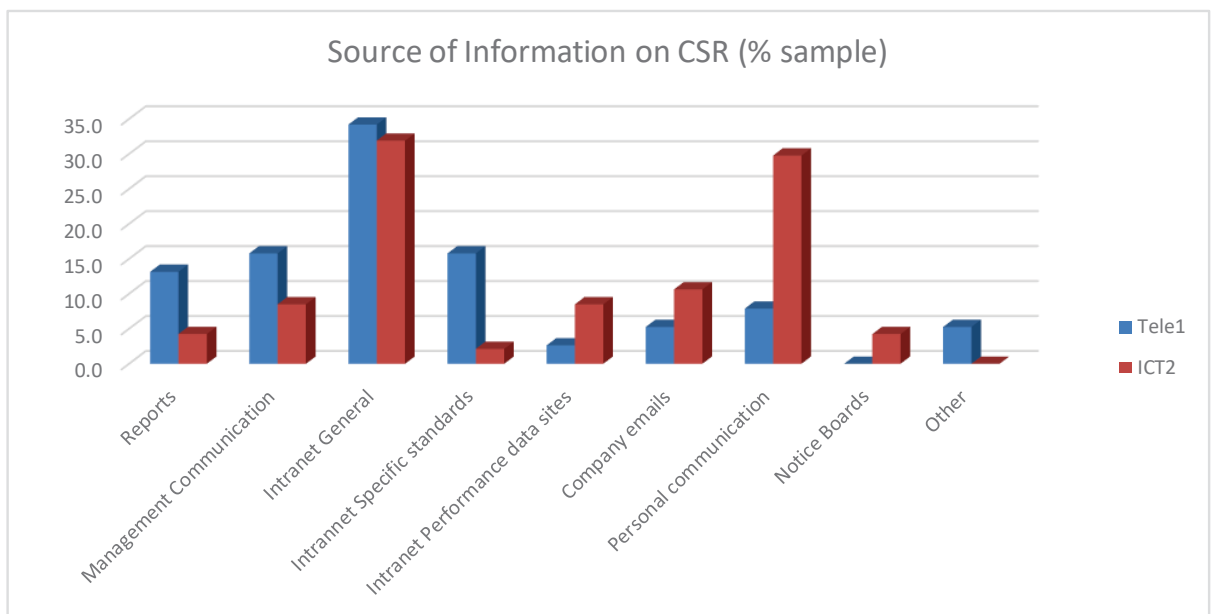
Table 7.3 - Summary Results on Awareness of CER

Subject	Overall	Tele1	ICT2	Comment	
Awareness of CER	Less than 40% staff interviewed aware of CER	50 % aware of report and have some knowledge of content Tele1 did not see CER as auto-communication	ICT2 did not publish CER locally, did use data for international report	Inclusion of Sustainability Team members in sample increases awareness	
Awareness of CSR policy	Over 40% able to cite policy	55% aware of content of policy.	70% awareness of CSR policy and CER style data	Possible influence of international change program focussing on environment	
Stratification of awareness	Higher awareness at senior levels	Significantly more awareness at senior levels	Awareness higher amongst Senior and Middle Managers plus those staff needing information for roles	Difference between sub cases reflects ICT2 aim for leadership in environmental performance	
Awareness by location	No perceived effect, however data shows HO-centric	Awareness higher on HO and amongst offsite operational staff	Awareness higher on HO due to need to use information	Specific location factors such as visible evidence of CSR, e.g. sustainable facilities are important	

7.2.7 Other Sources of Information

The interviewees were asked to identify the major source of their information on environmental or CSR issues. Figure 7.9 below shows the quantitative results and Table 7.3 below summarises the review. CER information was used in company discourses in both organisations, including emails, daily blogs, general intranet sites, and formal announcements. Staff who did not directly access the CER were potentially able to find information such as policies, targets and performance through other communication media.

Figure 7.9 – Source of Information on CSR



Intranet

Specific Sustainability and Environment Intranet sites were the most comprehensive source of information on CSR for staff. Employees were able to obtain information about policies and projects, and general information on ‘sustainability’ and corporate procedures and policies from these websites^[37]. Those who needed specific policies or guidelines would also search the Intranet sites, although with mixed success, dependant on what they were looking for^[38].

The Tele1 Intranet had a broad range of ‘marketing style articles’ on the environment, and published regular articles and an environment ‘blog’. ICT2 had a dedicated area on the Intranet for sustainability, which included a broad range of information including company policies, targets and background information. A sustainability marketing message was prominent throughout the ICT2

websites. This reflected the company's stance that sustainability was viewed as a marketing opportunity^[9].

“Performance data- there is basically none ... Tele1 has a lot of reports and snippets about great things that people are doing out there in the community, but maybe add a bit there too about what's going on as far as the environmental side of things as well. Yes, some great news about how Tele1 people are involved in these little projects and maybe how different teams can have an involvement in that”.

Individual Contributor, Tele1

“It's a hard question to answer. I think the website stores have got a lot of information on what we do and some imaging. I think some of the consumer product articles had information if I was to call into a call centre, but if I go onto the public website I know there's sections in there of what we do on the environment.”

Sustainability Team Junior Manager, ICT2

What was more difficult to obtain in the case study companies was actual data on company performance. Neither company's website published a comprehensive set of data against targets. It was easier to obtain this information as an external organisation, logging into the external website, than on the internal sites. ICT2 did publish selective performance data, and provided monitoring against targets; however, the aim of this information was designed to strengthen the company's market position rather than to present a comprehensive picture. The selection of information to be published and monitored was considered by interviewees to be based on the ability for the company to “be seen to do well”^[1]:

Direct Communication

The data revealed that many of staff received information on CSR through personal communication. Management, operational and sales staff had all looked for direct communication on CSR from their immediate managers or the sustainability team members^[11, 20] to inform their day-to-day work. This is significant, as the communication of the CSR message, therefore, requires considerable effort at the middle management level, which has implications for embedding change for CSR and the role of CER in facilitating the communication process. In addition, those staff who were involved in the CER process had obtained information directly from the sustainability or environment teams in order to complete their reporting duties^[14, 22]:

- Senior Managers had obtained information as direct communications either at management meetings and/or as part of policy-making sessions, in both organisations. However, the approach varied, with Tele1 making this a routine part of management processes, whereas in ICT2 this was ‘ad hoc’^[20, 29];
- The sales and legal teams required the information in order to complete tenders, and therefore requested specific performance or policy information from the sustainability teams directly^[11, 31];
- Operational teams, who required CSR information to complete their day-to-day commitments, obtained much of this from their managers and colleagues. This included information for operational purposes and for those reporting against environmental parameters^[16, 39];
- Motivated individuals requested information from sustainability team members on policy and performance. This was used to inform activities undertaken as ‘Eco-Champions’ or simply for personal curiosity^[12, 41].

Notice Boards and Office Signage

Prominent signage and formal notices were often cited by employees as being reminders about environmental issues such as recycling paper. In ICT2, one division had implemented the policy of publishing their environmental performance data on their notice boards, including environmental parameters both for that division and for the company. The effect of signage was clearly dependant on the department and by site:

“If they want to get people to do something then they want to know that they are achieving something. [Supplier] did put out reports to the people showing that recyclable waste was going up and that was good. We have HSE on the floors and we had a cork board where we could pin up results that the eco champions received and show that our general waste levels are going down and recycling is going up”.

Junior Manager Support, Tele 1

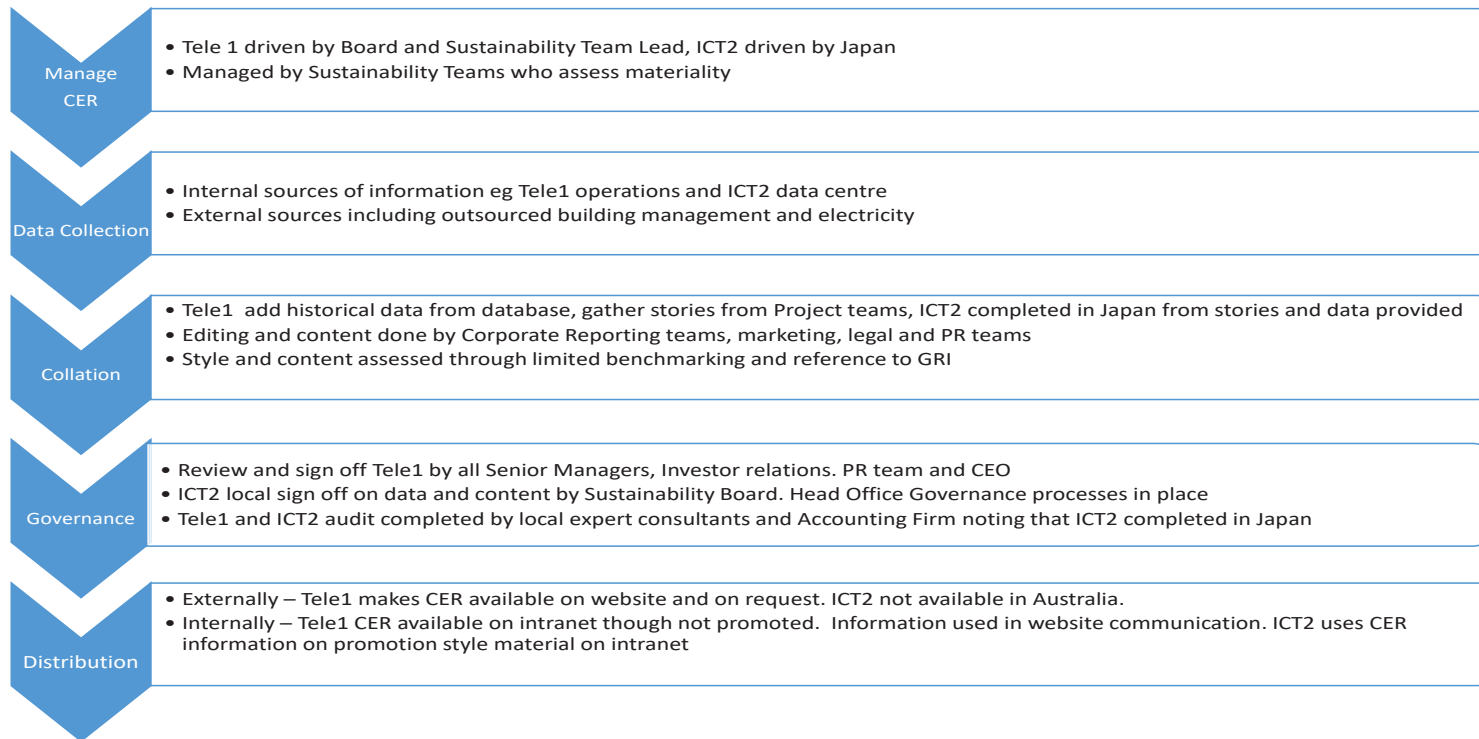
Table 7.4 - Summary Sources of Information on CSR in Study Organisations

Subject	Overall	Tele1	ICT2	Comment
Intranet Site - Sustainability/ Environment pages, company emails, blogs, policies, marketing material	Most dominant source of information across all interviewees – over 40% including company emails	Information welcome and read by many staff. Lack of specific performance data and too much marketing concerned some CER data and policy used	Sites are marketing oriented based on benchmarking agency formats and IT products Similar information to CER, not based on it Sites used selectively and considered 'spin' by many	Intranet sites were used as internal marketing for CSR policy and behaviour. Information was marketing based which induced scepticism in staff CER data /policy was used to inform content and in some material.
Direct Communication – Management to staff, colleagues and from CSR teams and meetings	Significant source of CSR information for operational and sales staff. Key source of information at management level	Formal team meetings at all levels, some informed by CER information Direct supply of information by Sustainability Team Manager	Ad hoc communication from management teams was dependent on individuals. Sustainability Team had key role in communication to senior and sales teams. CER-style data used, not CER itself	ICT2 approach reflected its more marketing-focussed policies for the environment, as lack of formal structure allowed it to be selective about supplying positive information
Notice Boards and Signage	Seen to be effective across both organisations. Prompts on processes such as recycling reinforced the behaviour and the pro-environmental message			

7.2.8 CER Processes

The reporting processes in the organisations were quite similar as shown below in Figure 7.9. This was despite the fact that ICT2 was supplying data for the international report and Tele1 was reporting locally. The local processes were similar, as the nature of the information being reported was similar.

Figure 7.9 – CER Processes in Study Organisations



7.2.9 Conclusions: Status of CER

The above review shows that the overall awareness of CER in the study organisations was low, with only the senior members of the organisations having read the report document. However, the messages from the CER were more widely known, as was the CSR approach and policy. The low awareness reflects the approach of the organisations to the distribution of the CER, which was, surprisingly, passive, although the information that informed the CER was widely used. It was evident from the interviews that, even though employees had not read the CER itself, the data and policies used as inputs to CER had been reproduced across other media such as the Intranet and emails. This may be because the CER document is a standardised and audited document that contains prescribed information in a relatively objective format. ‘Cherry picking’ information from the report, or that gathered for reporting purposes, appeared to allow both organisations flexibility to communicate the CSR message internally in line with their marketing and PR stance, without the restrictions that a formal CER imposes. Direct communication was a key source of information, and was obtained from managers and the sustainability team, and was often based on the CER. CER policy statements were used in addressing questions about pro-environmental activity and performance against targets contained in the report were widely communicated. The implication, overall, is that CER may not be the primary source of information, however, the information gathered as an input to the CER, or reproduced from the report, is being used to communicate the CSR rhetoric and policy across the organisations.

7.3 Organisations’ Change Approach for CSR and CER

An important part of reviewing the role of CER in assisting change for CSR was to understand the change approach used by the study organisations. The presence of planned or directed change approaches would imply that the influence of CER would need to be at a more senior level, where decisions are largely made. Emergent change is more broadly distributed, and relies on change agents across the organisation playing a key role in managing the political agendas; therefore, in this scenario, the effect of CER would need to be more widespread. Continuous change and embedding of CSR relies on middle managers both as sensemakers and sensegivers; so in this change scenario, it follows that maintenance or embedding of change for CSR would occur primarily at middle manager and individual levels. To have a role in embedding this change for CSR in an emergent or ongoing change model, CER would need to create awareness and assist change for CSR also primarily at the middle management level. The following discussion, therefore, reviews the underlying change approach of

the study organisations, and how this has been applied for CSR. The research looks specifically at how interviewees in each of the sub cases perceived that change was carried out by their organisations, focussing on the embedding of CSR.

7.3.1 Dominant Change Approaches in Study Organisations

This section reviews the dominant approach to change within the case study sub cases, summarising the results in Table 7.4 at the end of the section.

The responses across the two organisations show that the change approaches used were similar in Tele1 and ICT2, with over 65% indicating that change was directed by senior management. Major change initiatives were planned and managed in a cascading or hierarchical manner, rather than being designed to be inclusive of employee input. Employee perception appeared to be quite binary: major change was directed by management; while local process change could be driven by groups of staff at the department or local levels. Staff also perceived that some individuals could initiate change on the condition that this carried the ‘sanction’ of management:

“And particularly in a siloed political hierarchical top-down model that Tele1 has, there’s very little autonomy and responsibility at low levels. The classic is “I’ll see what my boss says about that and I’ll come back to you.” I’ve already seen restructures of a couple of sections of the business and it was very much a case of this is going to happen, this has been happening, just go away and do it”.

Middle Manager, Tele1

The majority of the change was consistent with the Planned change approach: that is, it occurred over short periods of time and was part of an initiative directed by management^[12, 20]. The programs tended to be driven from the top down, with the line managers expected to communicate and implement any change, rather than using formal change agents^[8, 42]. Emergent change was present at the local or departmental levels, where “hands on” process change programs were being applied progressively on a planned timescale, usually with reviews^[3].

The approach most often mentioned was that the direction was set from management, and local and department managers were responsible for how this was implemented^[16]:

“That's quite complex. So Project [XX] is our internal programme of work aimed at changing the organisation culture. Sadly, it's gone more into tell mode, so it's getting change done by the fact that we're telling the business that it has to change. So by default that's probably easy. To create a collaboration team it's very difficult. Competing priorities is one of the main inhibitors”.

Senior Manager, Tele1

There was no apparent recognition from senior management that change was an ongoing process, as all the programs mentioned by the interviewees that were driven from leadership had set timeframes and little follow up process.

At the time of the research, the organisations were both undertaking what could be described as ‘transformational change programs’ targeting significant organisational restructure and cultural change. ICT2 was including “pro-environmental behaviour” [24] as part of the change program; whereas Tele1 was looking at customer focus, with no reference to CSR. These change initiatives were attempting to introduce progressive programs, targeting transformational culture change^[34, 43]. These programs were Tele1’s organisational structure change directed from senior management^[44]; and the culture change program in ICT2, directed from Japan^[24]. Use of change agents in these programs had been initiated, utilising HR staff in Tele1^[8] and selected individuals in ICT2^[12].

7.3.2 Leadership Influence on Change

CEO style was seen to have a direct effect on the organisations they ran. Tele1 had recently changed from an overseas appointee, who was acknowledged as having a directive and combative style, to a Australian who had a long history with the company and appeared to be introducing an approach that involved listening to staff^[20]:

“I just want to talk about the new one. [0:07:39.2] is absolutely fantastic with change, and wants to change the organisation and things like that, and he definitely - ... Not only does he have a customer focus, and a shareholder focus, but he has a high customer focus but he also has a high people focus and environment focus. So it's definitely... we're quite fortunate that the company is now led from above”.

Individual Contributor, Tele1

This change in leader was reflected in the comments from interviewees, rather than any substantive approach in how change was carried out, primarily because the change in leadership was relatively

recent^[13, 14]. However, there appeared to be areas within the organisation that were altering to be more open to change from the staff or middle managers, and that could therefore be expected to undertake emergent change over time.

The staff interviewed, including Senior Managers, at ICT2 were very clear that the local senior team, especially the CEO, were highly directive in how change programs were carried out. There were a few opportunities for department-level process change, however, these had to be financially driven or be part of a program driven from the Key Leadership Team (KLT)^[16]:

“No, it will be top down. I think you just get an email from [CEO] saying this other high power executive is going to take this baby or project and yeah, it’s like cool. Its quite directive, yeah and then like it will trickle down and if there is a need for a local change we will talk at our weekly meeting or have a special meeting or the [Senior Manager] will say I am going to introduce it at a roadshow, or have a special roadshow”.

Middle Manager, ICT2

ICT2’s ‘culture change’ program was being undertaken under the direction of the Japanese parent company, and included initiatives for CSR, focussing on the environment. This was the first time that a change program had been formally managed through a change management process rather than simply applied based on a leadership directive^[5]. The effectiveness of the program was being questioned by many interviewees, as after the first sessions there had been little perceived progress. In addition, culture was not something that staff felt could be ‘directed’ ^[11, 30, 40].

7.3.3 Change Methodologies in Use

Neither organisation reported the use of formal change methods or systematic approaches. Even the two major change programs were using in-house methods based on workshops and team meetings, with staff led by managers or change agents^[24, 44]. The lack of awareness and low utilisation of formal change methods was surprising, as both companies had formal change processes available with the organisations.

Historically, Tele1 had used a variety of change management-based methodologies, including Six Sigma and Lean (Ross 2003); however, the group interviewed were not aware of these being in place. Tele1 also had a specialist change team within HR, and here again, the majority interviewed were not aware of:

“We do. We currently have a specialist change team who are working on improving the change practices across the business. They do. No, there’s a specialist project coming out of I think primarily our [Dept.] team but there are - we have a member directly in our business unit HR team who’s part of that overall change team and step 1 is going to be up-skilling all of HR directly for us to help and then our role will be to help up-skill all our people leaders in their approach to change and change management”.

Middle Manager, HR, Tele1

The lack of a formal change process was unexpected in ICT2, as the sub case company had a specialist change management consulting team. Change management was sold to customers as an offering focussed on services for ‘Green IT’. However, as the team was not accessible to employees, staff would go to HR to request information on managing change:

“Well I would assume that as ICT2 consulting, where I am, has a change practice that this is used professionally across the organisation and that everyone has access to it. It appears not. If I wanted to do change then I would talk to my colleague in [ICT2] consulting and get the information”.

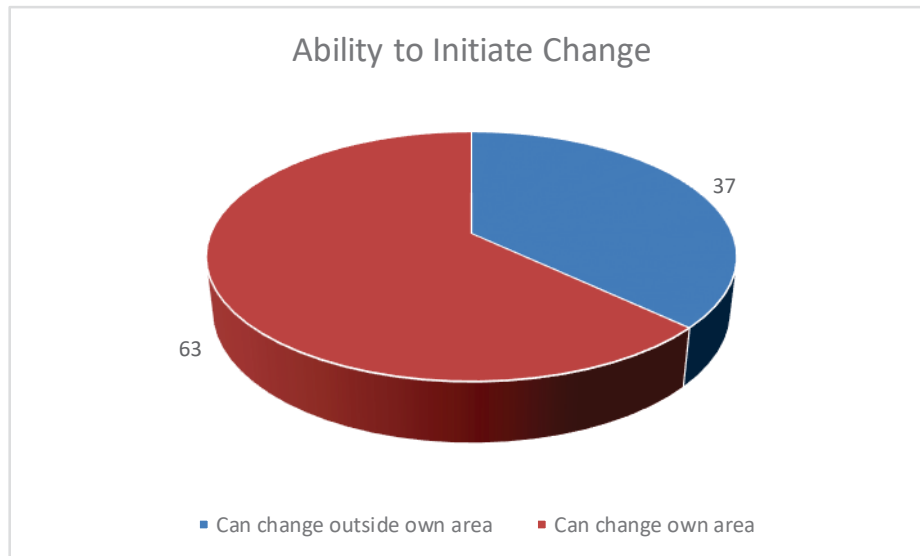
Individual Contributor, Consulting, ICT2

Both companies also had local change management methods in operational areas, for example, improvement cycles based on TQM or Lean^[13, 16]. ICT2 did run workshops around current change initiatives on a regular basis, including CSR information sessions. These were usually information-giving rather than feedback sessions, and did not conform with any established change methodology^[12].

7.3.4 Employee Empowerment

The interview process included questions that asked directly whether staff felt that they could initiate change in their own department or team, and whether this ability extended to other teams in their organisation. The results are as shown in Figure 7.10 below.

Figure 7.10 – Ability of Staff to Initiate Change



Overall, just under 45% of those interviewed felt that they had the ability to initiate change, a result strongly stratified based on seniority. The perceived ability to make change in both organisations was largely restricted to the senior management level, with some at middle management level believing they could initiate change if this was limited to their own department, or had a strong business case backed by management.

Individuals did not feel empowered to make change primarily because they felt that it would be rejected by leadership unless the change showed a high financial return. This lack of empowerment restricted the level of emergent change evident at a local or departmental levels, with employees in fact expecting change to be hierarchically controlled:

“Well, I wouldn’t necessarily say it cascades, I’d actually say some of the reason why we struggle with change because the top doesn’t necessarily role model that change. So, I’ll use the reputation programme as an example, things we’re trying to achieve in leadership development, those behaviours are things that are close to me anyway, it may be a decision made top down but actually then it does take probably the middle layer to drive it and reinforce it more so than the leadership”.

Middle Manager, ICT2

The ability to initiate change in the organisations appeared to relate to the attitude of individual line managers. Some managers, at both senior and middle levels, encouraged employees to think and act on change ideas^[22], largely in the operational units. In Tele1, this focussed on Health Safety and Environment (HSE), where the processes were designed to encourage feedback to reduce the risk of incidents^[39].

The approach to change in ICT2, from a staff perspective, was dependant on the head of their department. The most dominant response seen in the interviews was that change was not encouraged unless it was localised and could be clearly shown to provide financial benefit. This attitude was strong in Operations and outsourcing for data warehouses:

“Yeah, I think you can start change as long as you get that buy-in if it’s going to affect at a senior level. I’d say definitely a mixture. I mean from my personal experience I think I feel very lucky here to be part of a team where we’re ... I mean one of the strongest [0:14:34.1] Engagement Survey was empowerment and collaboration and we’ve got a very supportive boss... who is just very open to ideas and suggestions and inclusive in her style, but I know other areas would very much say it’s hierarchical and directive, because experiences that I’ve had by working across the other business units in this role I can see that”.

Junior Manager, HR, ICT2

There were some areas in both study organisations, in particular in facilities and HR, where staff were encouraged to make suggestions for change and these were often implemented. However, this did result in a level of confusion as to how to undertake change:

“I think haphazard would be the best description. We have approached change in all sorts of ways and there really is no overall approach, I don’t think we are very good at that at all. There is no doubt there is some top down change where the senior guy yells it down the organisation but then there is also the inclusive stuff. [Dept. Head] is pretty good in our area, he tends to float ideas and include us in the discussions of what needs to be done etc.”

Junior Manager, Tele1

Table 7.5 – Summary Study Organisations Dominant Change Approach

Subject	Overall	Tele1	ICT2
Management Change Approach	<p>Dominant change approach is directed by senior management then cascaded to staff</p> <p>Department- or local-level change can be initiated by staff if it has the sanction of management</p>	<p>Directed change remained the overall approach, however change due to the new CEO was apparent</p>	<p>Directed change was dominant approach</p>
Planned or emergent	<p>Planned change is the most common model</p> <p>Local- or department-level emergent change occurred to implement new processes</p> <p>Recent programmes were changing model, with introduction of change agents and intent to produce transformational change</p> <p>No acknowledgement of continuous change</p>	<p>Most change was planned in time, limited one-off programs from senior management. “Project [XX]” was trying to change this with a target of transformational change</p> <p>Department heads’ and individual managers’ attitudes were key to whether emergent change could occur</p>	<p>Change was largely planned in specific change initiatives such as ‘[XZY] Profit’. Some emergent change at Middle/Junior Manager level was dependant on department head.</p> <p>Culture change program had confused staff over its approach and implications for other change initiatives</p>
Internal Change systems and processes	<p>Neither organisation had an established methodology or a system for collecting staff input for change ideas</p>	<p>HR had some change expertise. ‘Yamma’ suggestion system was available but needed prompting</p>	<p>Change consultancy team available although not utilised internally</p>

7.3.5 CSR Implementation Approach

Implementation of CSR in the two companies could best be described as ‘ad hoc’. The processes in place are summarised as follows:

- Planned change driven from management^[22, 26], with some emergent features such as local process development and processual change over time;
- Local processes put in place by the sustainability teams, with some limited input from local managers^[3, 16];
- Marketing and product development-driven activities^[31, 40];
- Department-based programs such as data centre power saving or HSE compliance^[6, 13];
- Locally organised change from motivated individuals or ‘Eco-Champions’^[26, 35].

Senior management clearly directed Planned style change for CSR, to put in processes where these were perceived as essential, such as the creation of an EMS, or for CER data collection. In ICT2, CSR marketing initiatives were directed by the Senior Managers^[26, 35]. A key theme was that the local Department Manager’s engagement in the process was essential for the successful embedding of change CSR, and thus significant change only occurred if the manager was pro-environmental improvement:

“You have to really get in the ear of your general manager and your executive general manager if you want to do anything for the environment - and so the only real way would be to start at the [Dept Head] level and then you might piss off your direct reports. Because if you just go one up you might get a block, if you get a bit of enthusiasm to actually do it you might get too much ownership, but don’t put your head out too far. Going further up it would be hard to get the enthusiasm going and the further up you go the less enthusiasm is going to happen.”

Middle Manager, Tele1

Across Tele1, there appeared to be a patchy implementation of CSR, which varied across departments, with a mix of Planned style and emergent change, although no evidence of transformational change. Areas directly involved in collecting or disseminating information or involved in administering policy for CSR were reported as having relatively high awareness and CSR processes in place^[13, 43]. Procurement were looking at procedures for the selection of supplies and contractors using the CSR policy^[23]; operations were engaged with CSR through utilisation of the HSE policy^[39]; and sales, through the need to supply information to potential business customers^[31]. The highest quality implementation of CSR processes was observed in Operations and in the [Business] Division, which supplied communications and data centre services business to business^[4].

The influence of Department Heads on the implementation of CSR was a significant factor in Tele1, as there appeared to be considerable discretion at this level on what policies to institute; which is consistent with the company's previous public service culture. A key issue was that environmental performance-related data and improvements were hard to administer, as finance and administration departments had only limited involvement with CSR; and there was a clear disconnect with the sustainability team, which was in the HR department:

“The classic is, “I’ll see what my boss says about that and I’ll come back to you.” There’s a lot more autonomy at various levels. It’s very frustrating when trying to get environmental policy moving. I think now decisions are across operations and time will tell whether operations do get their act together. I think from what I saw in the documentation and the [0:03:30.4], it was a good idea about how to get there and good actions. It just doesn’t seem to have been translated into reality. It’s following it through. In terms of other things, I think there is a very good approach to setting other targets if that makes sense. Environmental targets are across the board”.

Middle Manager, Sustainability, Tele1

ICT2 change for CSR was more closely directed by management, in the form of Planned change. The company had a Sustainability Board, which included the CEO, Facilities Manager, Operations Manager, and the Sustainability Team manager. The board created policies that were, theoretically, endorsed and driven by the broader KLT; however, there was no transparency over the process or use of feedback:

“I have never been asked for feedback on CSR and really didn’t know there was any kind of Governance in place until you mentioned it. There was a workshop at a KLT meeting, however it was tell not ask, really, and I haven’t seen any feedback or change in policy or direction, it’s all still marketing and PR-focussed”.

Middle Manager, ICT2

Actual implementation of CSR in ICT2, including processes and reporting on CSR, was patchy. The sustainability team and local management were driving implementation processes, effectively acting as change agents, including the following:

- market-related initiatives, such as data monitoring for power usage^[16, 39];
- EMS in the warehouse^[6];
- data collection through suppliers such as facilities management companies^[22];

- running small-scale projects, assisting local and Eco-Champion groups, or individuals [35].

Many managers commented on the importance of the local Department Manager for implementation, which implied a level of emergent change, or at least locally controlled change, for CSR:

“[Dept Head] is always really good, he’s always been great with that as well. And he’s always looking for new ways, better ways, smarter ways to do things - and for the environment. So, we actually go through quite a few process changes I guess”.

Middle Manager, Facilities, ICT2

There was no evidence of transformational change specifically for CSR. The senior management support simply was not there, nor would the risk be taken, as, despite the rhetoric on CSR market leadership, profit remained the priority^[7]. Internationally, the inclusion of ‘Corporate Responsibility’ in the culture change program could have led to transformational change for CSR, as this program was company-wide and aimed at fundamental change. However, CSR was a relatively minor element of the program, which was primarily focussed on employee attitude.

In both companies, there was ongoing smaller-scale change effort to embed CSR being undertaken locally or by Department and these went some way to creating continuous change for CSR at the local level. This change was in the form of programs such as the Eco-Champion network and other initiatives driven at the workplace level, and related to department-level processes^[23, 35]. Much of the CSR implementation appeared to be “driven by passion of Sustainability Team Managers”^[5] and dependant on local volunteer Eco Champions. However, these initiatives were still thought to need the endorsement of leadership:

“[CSR] through stealth againYou know managers drill down in bits and I actually quite like that model. And do I think its effective – it is effective as long as the executive teams do it well so it’s as effective as the people at the top who drive it initially, because once its well driven at the top that it actually goes down successfully. So it is actually quite easily stopped or slowed if your [Dept Head] like mine really doesn’t want anything to do with it”.

Middle Manager, Outsourcing ICT2

The Eco-champion network was similar in the two companies. These were voluntary programs that employees undertook outside their day-to-day roles^[19]. The groups had pursued project-based activities that had resulted in some local CSR processes, for example, paper use reduction^[28] and

powering down of PCs at weekends^[28]. The groups relied on ‘change agents’ to drive activity, most commonly the sustainability team members, and local managers who were pro-CSR or ‘Eco-Champions’, to lead the local groups and drive processes and associated attitude change amongst staff^[12, 26].

The Eco-Champion network was facilitating some emergent change for CSR by promoting activity at the local level. However, this remained small scale, as awareness of the Eco-Champions beyond the sustainability teams was limited. Only six interviewees outside of this team mentioned the activity of the Eco Champions, all in the context of a recycling program or power saving in the office. This may reflect the fact that the groups had started with enthusiasm that, by the time of the interviews, had dwindled^[26, 35]. The hoped-for impact of their activities, therefore, seemed unlikely to be sustained, and so the groups were no longer expected to have a significant impact on embedding CSR:

“We have tried to implement bottom up stuff and we have tried to make the environmental groups and give them power, e.g. budget, and we are looking at the moment how we re-energise them because some examples have worked well and some just haven’t. So we have got to work out what incubates strong change at a grassroots level and why it isn’t strong and what was what that pushed the change when it worked and was it just the individual, the strength of their personality”.

Middle Manager, Sustainability Team, ICT2

7.3.6 CER Implementation Approach

The implementation of CER in both study organisations reflected the overall CSR approach to change, and was therefore somewhat ‘ad hoc’. Processes required for CER were initiated by senior management in Tele1, through the Corporate Risk and Finance teams, and in ICT2 by the Sustainability Board. The implementation and administration of the CER was the responsibility of the sustainability teams, with input from other department managers or staff from areas such as facilities and accounting, as required^[4, 7].

No formal change approaches were employed in the implementation of CER^[23, 35]. The sustainability team were effectively being utilised as change agents to ensure the embedding of the CER processes; however, this was not acknowledged by management as being their role. CER uptake was essentially a ‘one off’ implementation followed by a series of initiatives where changes to the process, such as the implementation of a new IT data collection system, were required.

7.3.7 Conclusions: Organisation Change Approach

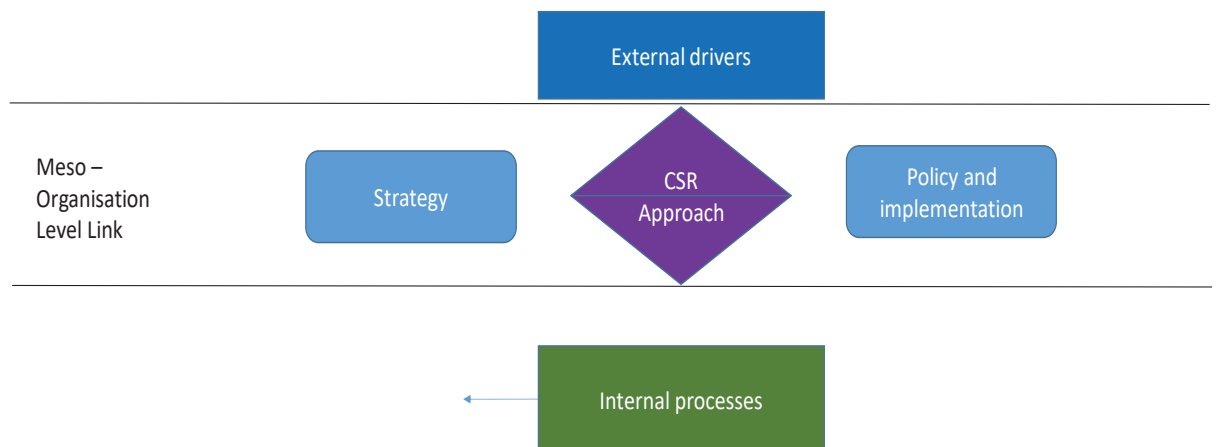
The dominant change model found in both study organisations was Planned style directed change, with limited emergent change at a local department level. This is consistent with expectation from previous research given the companies' size, hierarchical structure, and history. The implementation of CSR was primarily through Planned style change, in a series of change initiatives and projects started by senior management, and administered by the sustainability teams or local managers. There was very limited evidence of the use of formal change methodologies, with the approach to change for CSR being 'ad hoc', often left to the sustainability team or local team manager. Emergent change was present through the sustainability team acting as change agents to implement programs over time, with some local process initiatives managed by line managers and the activities of the Eco-Champion network. Maintenance of change initiatives for CSR and the management of micro-processes did not seem to have been considered in the management-led directed change. This was again left to the sustainability Teams and local managers.

There are implications of the dominant change model observed in the organisations for how CER can facilitate the embedding of change for CSR. As the change was largely in a Planned style and directed by leadership CER would need to have an effective at senior management level and so influence the CSR approach or implementation. At middle management level, CER could potentially have a role facilitating the limited emergent change at the local level or, perhaps more effectively, assist change agents such as the sustainability team members. This could be through the provision of company CSR information or the introduction of processes such as the structuring of performance monitoring. Evidence for the presence of these processes is reviewed in the following chapters.

CHAPTER 8 – ORGANISATION LEVEL RESULTS

Chapter 8 presents the first of the results sections which detail the outcome of the empirical research of this thesis as indicated in Figure 1.1. This chapter examines the role of CER as an influence on the study organisations' approach to CSR. The CER approach is considered in the present thesis to be the link between the organisational field influences and the internal processes of change for CSR, as illustrated in the framework model in Figure 8.1.

Figure 8.1 - Meso Level of Multi-level Framework



This chapter first reviews the response of the study organisations to external drivers in terms of their CSR approach. The role of CER, acting as a conduit to between the meso and macro organisational field levels, is examined to answer two questions that were apparent from the literature review. The first is:

- *Can the transparency associated with publishing a CER encourage the creation of an internal CSR approach to ensure legitimacy?*

This was studied by reviewing the interview data with a focus on the interviews with Senior Managers and with sustainability teams, to determine whether the external drivers of CSR were being intentionally addressed by the publication of a CER. The results look at whether transparency created by the CER prompts company rhetoric and policy development for CSR, in the form of statements from Senior Managers on their intent for CSR. It further considers whether transparency of CSR performance created by the CER prompts change for CSR processes in order to retain legitimacy.

The second question was reviewed using information on CER stakeholder engagement and benchmarking processes, which had been a key point in the interview process, especially with the

team members responsible for collating the CER or CER information. This section seeks to ascertain whether feedback from stakeholders or the organisational field caused changes in either the CER or the processes of change for embedding CSR. The methods by which managers gain an understanding of the forces in the organisational field, both passively and in an active planning setting, are reviewed.

The second question is:

Can it be established that external input and/or feedback to the study organisations on CSR results in modification of the CER or change for CSR?

A theme that emerged from the initial review of the results was a complex relationship between CER and CSR. The transparency created by CER potentially drives the study organisations' development of a CSR approach, by acting as a conduit for external pressures. This chapter explores this transparency, and how the study organisations' CSR approach was, in turn, seen to affect the mechanisms through which CER could support the embedding of change for CSR internally to the organisation. The following chapter expands on the findings regarding this relationship.

A second theme that emerged was a significant difference between the sub cases in terms of their approach to CSR. The approach to CSR in the two sub cases illustrated very different responses to their leaders' perception of what stakeholders were looking for from their organisation. Although they occupied the same organisational field, the resultant approaches of the companies to CSR was significantly divergent. The analysis in this chapter aims to determine whether the CER was being actively used to build and support the differing CSR approaches of the study organisations. Information from Senior and Middle Managers was key to this understanding, as these interviewees had more knowledge of the CSR approach and of how CER was being utilised: for example, whether the CER information was published to support the companies' stance on CER. This theme is examined through the following question:

- *How can CER support the CSR approach of companies?*

The chapter then goes on to focus on two mechanisms by which CER was expected to have a role in the supporting change for CSR at the organisation level: firstly, by providing a guide for structuring the approach to CSR; and secondly, through the creation of processes to monitor the performance of the CSR policies of the approach as per the following question;

- *Can CER, through the use of recognised standards, provide the structure for the CSR approach and assist the governance and performance-monitoring process?*

The extended interviews with the sustainability and reporting teams were used to explore the structuring of the CER and any effect on CSR processes. Senior and some Middle Managers provided input on whether the demands of the CER had precipitated any changes in CSR approach.

The implementation and ongoing embedding of CSR and CER were expected to require governance processes to ensure that the change was implemented and was effective. The results were analysed to determine whether CER was supporting the governance of CSR, as would be expected from the literature, and if any governance processes for CER were in place.

8.1 Transparency role of CER

The place of CER in creating a credible report for stakeholders and the public was a key point covered in the interview process, especially with the team members responsible for collating the CER or CER information. The link between the external pressure for CSR and internal CSR approach, including communication, is one that was consciously made by leaders in both organisations. Typical of the comments were those by a Senior Manager in Tele1:

“So I think the answer is it’s both [internal and external], that there are a lot of changes that are led from the outside, particularly if there’s a legislative change, for example, that requires an internal change, but I think there’s also a specific continuous improvement culture that’s being developed where we’re looking to make changes to get ahead of external pressure for change, so I guess it comes back to an anticipation of an external process of change”.

Senior Manager, HR, Tele1

By providing CER as a window into the company’s behaviour, many of those interviewed believed that the organisation would look to improve its CSR performance in order to avoid losing legitimacy^{13, 25}. The drive to improve performance once information was made ‘public’ appeared to be an institutionalised belief, as no contrary opinion was offered, nor did it raise any questions:

“We also use [CER] to show how we are implementing what we say we are implementing, as there is a lot of marketing spin, then we need to show that we actually are meeting our targets and that we are doing that. So I think it is useful in that we use it internally like for tenders and things, and then we have it form a marketing perspective but also as an output for our own messaging on CSR”.

Sustainability Team Lead, Tele1

The ‘credibility’ of CER was key to the logic of the argument^[2, 19], as much of the information produced for the public by the study organisations was discounted by interviewees as ‘marketing spin’^[13, 27]. Staff in both organisations had the expectation that information made available via the public website would contain largely marketing material rather than hard data. This belief was stronger in ICT2, possibly because of the company’s aim to be seen as a leader in CSR^[18, 28, 35]. Those being interviewed stated that they expected that some form of substantiated reporting was required to counter the perception of marketing or greenwashing^[16, 38, 45], as summarised in Box 8.1 below.

The aims of producing CER, with its very public commitment to CSR goals, varied between the sub cases. Tele1, with its historical Government ownership, and still very much in the public eye, was extremely sensitive to compliance to Government regulation and public opinion, with a flow-on effect to the CER content. Tele1 also needed to comply with NGERs regulation and AFX requirements.

Box 8.1 – Transparency effect of CER on CSR approach

At CEO level, the need to create a policy statement for the CER that was acceptable from a stakeholder and societal legitimacy perspective was an important factor in the development of CSR strategy^[4, 5]. This was consistently reported across both organisations. The fact that the policy statement had to be signed by the CEO meant that they would be held “accountable” by stakeholders, shareholders and society for its contents^[7, 8]. This applied equally to the publication of CSR targets and performance measures in the CER^[2].

Formal sign off on the Corporate Citizenship Report was required by the CEO and senior team in Tele1^[18], so care was evident in its wording to create a Tele1-specific interpretation of the external drivers for pro-environmental behaviour:

“This is a really critical issue. It’s a contentious issue. The consequence of it recently, the last six months, the CEO got the annual data set, which you get every year, one time a year. You got to see how they’d progressed against the target that he announced... One year ... ah, panic, panic, panic, what are we going to do? We’ll have to change the target. That was ultimately where a lot of the senior leadership have gone to and I’m just trying to hold them back”. Senior Manager Tele1

In ICT2, even though no formal statement for a CER was in place, locally the parent company had a CER that contained these commitments^[19]. In Australia, the CEO had “put his name” to published policy statements^[15], which was a significant factor for the organisation strategy:

“Our Sustainability Global report is signed off by our President, our corporate environment report is signed off by our strategy unit. Our local is signed off by the Sustainability Board, which is [CEO] and some of the Senior Managers, they are then responsible for the targets”. Middle Manager, Sustainability Team, ICT2

The interviews with the Senior Managers indicated that they had been involved in the creation of policies to be published by the organisations, either in the CER or in a CER-style statement for the website^[15, 20, 29].

Publication of performance targets was an important step for both organisations, with the Senior Managers commenting on the increased accountability that these engendered^[4, 20, 29]. This belief in the scrutiny of performance and consequences for poor performance appeared to be an institutionalised assumption. This may well be related to the culture of financial performance monitoring that is intrinsic to for-profit organisations:

“My sense is there’s a lot of potential and they’ve committed to some quite public, achievable and worthwhile sustainability goals with the emission intensity reduction. Particularly as an outsider with a fresh set of eyes, there seems to be mainly inability internally to get their head around following through with that, which is causing some serious management concern”. Senior Manager, Tele1

“Yeah, course it is. You start measuring up and then people start getting picked on, so you’ve got to work out how you’re going to measure it. [0:17:11.0] got to do it and if you’re going to measure it you may as well put on something to look after it, to make sure your scorings are good”. Senior Manager ICT2

Tele1 was concerned with proving its position as a “Good Corporate Citizen”. The reporting team was selective in the data included in the report, based on criteria that it claimed were “the material impacts of its activity on the environment”^[2]. The company included data on areas where the performance was acceptable or, if poor, that could be explained^[3]. The move to a central Corporate Citizenship reporting team had also altered the approach to the report and increased input from the Public Relations and Senior Management teams, to ensure it met the “Good Citizen” criteria^[2]:

“...they [management] might say we want this and our team haven’t got the information – and therefore we don’t ask ... I think it’s more promoting when they feel they’ve done something worth promoting”.

Individual Contributor, Sustainability Team, Tele1

In ICT2, the focus for the CER was on reputation and image, consistent with the aim of market leadership. This appeared to create some ‘nervousness’ in the ICT2 about publishing information into the Australian public domain; therefore, publications on CSR were limited to white papers and commissioned research rather than CER^[19]. ICT2 published ‘soft’ CSR information and targets to the Australian marketplace, and provided ‘hard’ CER data only to its parent company in Japan:

“it’s more about obviously wanting a good image, wanting to look good and show that we are doing things. What will make us look good rather than go external for standards. We certainly will ask people what do you think and get feedback when we get to the launch or after - and then they might say we want this and we haven’t got the information – and therefore we don’t ask”.

Sustainability Team, Individual Contributor, ICT2

Overall, there was no evidence in either company that stakeholder requirements were proactively driving the content of the CER or published information. In fact, the impression given was that CER was a retrospective exercise to ensure that the report met, as far as possible, the expectations in the published CSR approach, and demonstrated acceptable performance^[2]. Societal expectations of CSR were, however, driving the CSR approach, filtered by the interpretation of the leaders of the study organisations. The CER, by publishing information that met what the leaders interpreted as society’s expectations for CSR, was recognised as a mechanism through which the organisations could ensure the retention of their legitimacy.

8.1.1 Effect of Transparency via Competitive Indices

The importance of market research agency and business-generated indices as a source of pressure for 'visible good performance' on CSR came through very strongly in the interviews. Vague societal expectations, combined with a lack of Government guidance and the relatively recent acceptance of standards such as GRI in Australia, meant that the study organisations were looking for "external feedback"⁽²⁾ on how to demonstrate their environmental performance in the most credible manner, primarily to their customers^[7]:

“Yes, I think all Australian companies have been operating in an environment of uncertainty in relation to regulation. I'd say that, generally speaking, we are on par. I think we're just having a cohesive strategic response perhaps to climate changing carbon emissions. We're right behind other companies in that respect. I think people need to see companies have had specific strategies and believable reporting in place, which helps”.

Sustainability, Middle Manager, Tele1

The role of market research and rating agencies was, therefore, significant for both companies, and their benchmarking surveys and indices had a much more significant effect than has been reported in the literature. Senior team members paid considerable attention to their company's ranking in these surveys. In ICT2, this was perhaps the strongest driver of its CSR performance. These indices, whilst not based entirely on CER, relied heavily on information that was similar to, or generated for, CER. Benchmarking surveys, award criteria and some customer information were driving the data collection needs and influencing the report content, rather than the reverse. These indices appeared to be a stronger source of mimetic pressure than the CER.

These marketing and benchmarking agencies were assisting the study companies to:

- 'grade' or benchmark themselves against other businesses;
- publicise reports of their performance via rankings and surveys.

The agencies provided both organisations with formats or criteria that could be used in the CSR performance evaluation process, and therefore created a de facto standard which the companies used. The follow-on effect was that the companies needed to create the data for the indices, much of which was either similar to that required for CER or would be utilised for the CER going forward:

“We are driven partly by our Industry Analyst Relations Group, which sits within Marketing, the [XY] Chief Marketing Office, that group is driven to a large extent by those ratings, which are beginning to look at the environment”.

Individual Contributor, Sustainability Team, Tele1

ICT2 was highly influenced by indices, and provided information wherever possible for the rating agencies and for “awards”^[7]. The aim was to be recognised as having CSR performance and CER format data that was at least as good as competitors if not better^[40]. The formatting and requirements of this information were feeding back into the data collection and collation process^[7].

Benchmarking had not traditionally been significant to the management of CSR or the CER in Tele1; however, there was a growing recognition of the importance of CSR to investors and its rating in their indices:

“Well, it’s important to our Senior Team, so I know how we rank exactly. We rank number two worldwide, through the Gartner and WWF Annual Survey of Sustainability. We supply bits to publish and data, the benchmarks are important, as the company wants to be seen to be as good as others in the sector”.

Middle Manager, Sustainability Team, ICT2

8.1.2 Effect of Transparency on Leadership

The ‘transparency effect’ of CER was seen primarily at the leadership level of the study organisations. Here, consideration of the stakeholders, primarily customers and investors, was evident in the formulation of the CSR approach and the publication of the CER. CER was facilitating change for CSR performance by making CSR performance visible, and therefore had a motivating effect on senior leadership; which will be examined further in Chapter 10.

CER was seen by interviewees as providing feedback to the society and, in particular, the “markets”^[29], with many interviewees acknowledging that ethical investment was growing^[25] and that CSR was being seen as “good for business”^[15]. Company rhetoric provided in CER aimed to address the requirements of stakeholders for future environmental performance improvement, could therefore be described as ‘aspirational’.

The CEO and Senior Management team were seen as being responsible for the production and ownership of CER information, either in the form of the actual report, or public commitments to policy and performance targets^[43]. This appeared to reinforce the drive to improve performance for CSR, and therefore managers were getting their teams more involved^[39]. Senior Managers were also aware that additional reporting would be required by regulation, and were looking to get “ahead of the regulation curve”^[2, 5]. A further result was that Senior Managers perceived a need to produce performance data that was ‘robust’^[29]:

“My sense is there's a lot of potential and we've committed to some quite public, achievable and worthwhile sustainability goals with the emission intensity reduction. Particularly as an outsider with a fresh set of eyes, this is a major commitment, there needs to be mainly ability internally to get their head around following through with that”.

Senior Manager, HR, Tele1

8.1.3 Scanning and Stakeholder Feedback

Formal and informal processes were undertaken by the study organisations, to pro-actively gain an understanding of the external forces for CSR and of what information they need to make public to address this perceived need. However, the stakeholder engagement and scanning processes were not undertaken specifically for reporting^[7, 26], despite the GRI standard being used by both companies dictating formal processes of stakeholder engagement.

Tele1 had, historically, identified stakeholders for sustainability as part of the CER process, and undertaken formal engagement^[2]. At the time of the research, this had lapsed, and engagement with stakeholders only occurred as part of a general policy at Tele1, rather than being driven by any specific CSR reporting requirements. For the CER, the only external input obtained was through a peer review of reports from other organisations, as part of a “5 part materiality review”^[2]. Both local and international telecommunications organisations were included, as well as other Australian peer companies and “iconic companies”^[2]:

“You're right, we did [formally engage with stakeholders]. I can't even remember whether we've kept that in there this last year....We've got it narrowed down into stakeholders, like customers, employees, shareholders... So, I think originally we were probably pretty broad and talked about our stakeholders but I don't think we're getting more focus now”.

Sustainability Team Lead, Tele1

ICT2 had a clear policy of engaging selected stakeholders regarding CSR, primarily customers and suppliers, as part of its marketing initiatives, including those for CSR. There was no formal attempt to identify and contact the full range of ICT2 stakeholders, as would be suggested by GRI, nor to obtain feedback on the company's CSR performance or CER⁷:

Both companies did run programs that routinely scanned the media and marketplace, which would pick up information on CSR^{5, 26}. For Tele1, this appeared to be focussed on ensuring that it could respond to any negative publicity²⁰. ICT2 had undertaken a series of market research efforts, which were incorporated into its leadership and marketing policy for Green IT:

“We have an organisation that actually does rely a lot on external feedback, so we have market intelligence, computer intelligence, groups. Every time there's a project about anything, my team is asked for information. What do you think about pre-sales structures? What do you think about sustainability? What's happening in this? So, we have a very good, what I would say, '360 degree feedback mechanism', compared to a lot of other companies, unless you're a research company. We're also very involved in industry associations – AIG, AIIA, ACS – we're actively involved in many of these things, not just as we're a member, but we take part in taskforces”.

Senior Manager, Marketing, ICT2

The Sustainability Team Leads for information were responsible for collating any stakeholder feedback^{23, 29}. Both of these individuals were very effective, as they were active participants in professional forums, industry associations, and networks for sustainability^{1, 4}. Both Sustainability Team Leads were acknowledged by interviewees as being “evangelists” for the CSR cause^{5, 20}.

8.2 Drivers of CSR lead to Different Approaches

The study organisations were both large MNEs in the ICT sector, where CSR is growing rapidly. The major influences on the study organisations, except shareholding, were very similar, as they were operating in the same organisational field. A similarity in the organisations' approach to CSR was found in that both had initially taken a pragmatic approach to CSR, drawing on the business case as the basis of decisions on the implementation of CSR. However, beyond this, the results showed that, whilst the organisations had a financial approach to CSR in common, their overall CSR approach varied significantly.

8.2.1 The Business-Case Approach to CSR

It was clear from many of the interviews that conventional, financially based business arguments remained a significant part of the internal approach to CSR in both sub cases. The arguments for CSR implementation, as presented by interviewees, were often centred on cost or risk reduction^[14, 16, 29]. Senior Managers most frequently discussed CSR initiatives where the business case was clear, that is, where financial and CSR goals aligned^[5, 20]:

“I think it's been recognised by managers as good business sense. Manage your waste, manage your emissions. If it doesn't cost more than a couple of a million to recoup your investment, then that's probably a good business idea. I think a lot of decisions have been made because it makes good business sense”.

Middle Manager, Finance, Tele1

Cost reduction was cited in 72% of interviews as a reason for implementing CSR processes. Programs were in place across both organisations that focussed on actions that aimed to improve environmental performance, and were also associated with reduction in cost. These programs all featured highly in interview conversations and in the companies' discourse and rhetoric. The programs included^[9, 46]:

- data centre and office power reduction targets
- reduced costs in operational processes
- travel reduction
- paper and other recycling initiatives
- consulting and Green IT products developed internally and sold to customers
- performance-monitoring data required in customer tenders
- employee initiative programs such as cycle to work, which were low cost but high on PR

One area in which cost saving for CSR was working well in both sub cases was the development of department- or employee-based schemes such as the reduction in paper use^[22, 23]. These initiatives were seen as being “low hanging fruit”^[35] at the intersection of cost-saving and pro-environmental behaviour, and also formed part of local Eco-Champion programs. These schemes featured strongly in the CERs for Tele1 and ICT2, as the ‘symbolic’ effect of these programs and their place in CSR rhetoric was cited as significant^[32, 33].

The sensitivity to cost varied between the organisations, with ICT2 being the most cost-focussed. In Tele1, a pragmatic approach meant that it implemented CSR initiatives that would not jeopardise overall financial outcomes; however, each initiative did not have to be economically rational. There were a few ‘project-based’ initiatives that could be seen as financially negative; however, these either were being used to reduce risk or took their place in the “promotional”^[2] stance of the company.

This approach to CSR meant that balancing profit and CSR did not appear to have been an issue for Tele1 Senior Managers, as many of the initiatives in place were environmentally positive and seen as beneficial to the business^[9, 33].

This view was not, however, universal across the sub cases. The Sustainability Team Lead was amongst those who saw that some Senior Managers were using cost or lack of a business case as an excuse not to implement CSR policy and to avoid CER performance reporting, in case financial targets were not met.

In ICT2, financial drivers were widely cited as driving the organisation, meaning that CSR policy was applied in significantly more instances where cost savings or sales could be made^[25, 29]. There was little evidence of any substantial investment outside of these clearly cost-effective programs, for example in the data centre. The only project that may have had a substantial cost was the EMS that was to be established in the warehouse, which was at the time of the research being subject to considerable delays from the senior level^[6]. Managers did indicate that the first thing to get dropped if financial objectives were under stress would be CSR initiatives that were not saving money^[29]:

“I had also been, before that my manager, he’s been busy with the environmental space and we’ve worked on a purchasing policy, for example, which incorporated environmental elements. Generally, I believe the main motivation is to do things where we can gain financial benefit directly or indirectly. As soon as it’s threatening to cost money then the motivation goes out the window”.

Junior Manager, ICT2

Interestingly, the cost of implementing CER was only considered by those involved directly in the process^[26]; other staff appeared to have a belief that CER was essential if their organisation was to respond in a legitimate manner to societal expectations of CSR, and did not consider the cost^[27, 43].

8.2.2 Tele1 CSR Approach

The major driver of the CSR approach for Tele1 appeared to be the high level of public, media and NGO scrutiny, which resulted in a strong drive for legitimacy^[4, 20]. Tele1 aimed to ensure compliance with all regulations, as illustrated by the higher percentage (26%) of interviewees who cited Government as a major driver. Tele1 as an organisation was highly risk-averse in all policies, as was evident from the rhetoric in published information and interviewees. Compliance and the need to maintain a ‘clean’ public profile were cited by staff across the management levels and departments as a major factor in CSR policy^[3, 34, 43].

Media organisations were an important influence, as Tele1 had regular press coverage due to its size, proximity to Government, and the broad reach of its business across society:

“I think the primary reason is our corporate responsibility. I think the fact that we are big and therefore we've got a corporate citizen role. So I think there's an obligation to the government just because if we weren't we would be publicly humiliated. ... There are some elements where we respond to our customer but I think the prime one is our corporate citizenship which is where the reporting comes in”.

Senior Manager, HR, Tele1

This risk adverse nature of Tele1 meant that it adopted a follower position on CSR, allowing other companies to take the risk of leading initiatives for CSR, and resulting in an approach to CSR that was described as “passive”^[4]:

“Because of the media focus that is on Tele1, it's really obvious when anything goes wrong so, therefore, you know, it's almost a business requirement that you tread really carefully and do it really well because, the minute you accidentally do something wrong, it's going to be very public, which is not necessarily the case for other ICT organisations”.

Middle Manager, Tele1

The company, therefore, had no desire to innovate, and so took a mimetic or follower approach to CSR, and was not aiming to be a “thought leader”⁽²⁾. This approach was summarised as being seen to be a “Good Corporate Citizen”^[21]:

“Typically, if Tele1 makes a statement ... well, Tele1 doesn’t make many statements, in public...It tries to avoid them because they know they get clobbered and we don’t fight back, which is very interesting. We used to, that’s true, not on every topic though. But, yeah, Tele1’s taken a very passive role.”

Sustainability Team Lead, Tele1

Leaders in Tele1 justified the CSR approach by using terms familiar to them, those of the business case, stating that the CSR approach:

- reduced risk both operational and publicity^[39];
- reduced cost of managing adverse events, or losing customers, due to poor media coverage^[20];
- positively affected the bottom line by increased efficiency, or could increase the sales potential^[4].

The interpretation by the sustainability team of the approach was one of “compliance plus”:

“I think we’re aiming to do a little bit better than compliance overall. That’s an overall broad brush statement. So, compliance sort of being the lagger ... well, not lagers, they’re just before lagers...but that is where we aim to be”.

Middle Manager, Sustainability, Tele1

Tele1’s follower approach to CSR was based on an assumption that there would be one or more market leaders who drive innovation in the CSR field, with Tele1 aiming to be positioned just behind the leaders^[20]. One justification of this approach was based on the assessment of materiality, with Tele1 assessing that its environmental impact was relatively low^[26].

This approach to CSR meant that the Sustainability Team was reliant on the innovation of other organisations to get traction for their own initiatives. Once other organisations had put a process in place, Tele1 could react, using this information from other organisations where available. There was a perception that these initiatives would assist in preventing Government regulation by introducing industry self-monitoring processes and perceived performance improvements:

“I think there are always things that are always held to the government because of legislation and I think we're invited to the table to discuss potential legislation. I don't think we're held accountable to the legislation anymore different than many other firms

are, so therefore I don't think - ... There's elements of what we do for compliance and running a good fiscal business, and mitigating risk of non-compliance”.

Senior Manager, HR, Tele1

8.2.3 ICT2 CSR Approach

ICT2 was aiming to lead the market in its organisational field^[15] by promoting its CSR approach in the form of Green IT, which meant promoting its own credibility in CSR as well as its Green IT products/ services. ICT2's aim to be viewed as a 'leading corporate citizen'^[1] overall appeared to be driven by marketing and meeting the bottom line, rather than by societal legitimacy:

“ICT2 has been championing sustainability for more than 75 years, it is one of our founding principles. We strive to consider the environment in all our actions and activities and this includes the solutions we provide to our customers. ICT2 aims to help our customers save 30m tonnes of CO2e by 2020. We develop solutions with sustainability embedded in the thinking from the outset”.

ICT2 Websites

The public positioning of the company as a leader in Green IT was achieved through marketing and sales campaigns^[36]; as well as the Sustainability Team Lead being highly active amongst their peer group^[29] and having involvement in industry forums.

This approach was influenced by the drivers in the Australian and ICT organisational field; however, there was also a very strong influence from the Japanese parent company based on the Japanese organisational field, which is strongly 'pro-ecological':

“Yes, the ICT2's stance as company and what our beliefs are in terms of sustainability is promoted widely. We quote [CEO] our leader as being an ambassador of sustainability. We are aiming to be market leader”.

Middle Manager, Marketing, ICT2

Internationally, “sustainability”^[47] was one of the key strategies for ICT2, and this was reflected in the approach of the CEO and senior team in Australia, who were obliged to comply with Head Office direction^[29]. The strategic stance of ICT2 as a “market leader in CSR and Green IT”^[46] was evident throughout its websites, and promotional material; and in all interviews with all staff, they were aware of the approach. Even email signature bars carried the sustainability branding and a link to the marketing-style Intranet section.

ICT2’s market leadership aims were reinforced by the perception of a growing interest in the environment in the ICT industry sector, and amongst customers, for Green IT products that save both energy and cost^[1]. As ICT2 was primarily focussed on business-to-business sales, the company could follow a clear strategy in promoting its environmental claims to large customers and Government organisations that were looking for market-leading CSR firms as suppliers^[36]:

Key Green IT products from ICT2 included consulting to teach customers how to save GHG emissions and energy, and implementing CSR in data centres, which formed part of the ICT portfolio for the market^[45].

On the ground internally to ICT2, performance of the company was lagging behind the company rhetoric^[10]. There were Green IT products being prototyped and systems put in place^[7, 32]; however, the company targets were not fully monitored, and many initiatives were ‘project-based’ rather than being companywide objectives^[16, 28]. The adoption of a strategic leadership position for CSR had resulted in awareness of the need for credible data, and was starting to drive a “more positive approach”^[7] to CSR.

The drive for improvement in CSR performance was enhanced by the need to provide the resultant data to the Japanese parent, for the international report on which the performance of Senior Managers was judged^[1, 22].

The lag between CSR rhetoric and performance was thought by some of the sustainability team to explain why there was no local CER, as there was a need to get “the house in order first”^[19]. At the time of the research, the relatively low level of CSR activity internally to ICT2 was not visible from an external or organisational field perspective, where ICT had successfully positioned itself as an innovator based on its marketing-style communication. Despite this, the interviewees appeared to believe that the commitment to CSR was based on financial incentives only, and would be dropped if the programs stopped making or saving money^[25, 28]:

“Being noted as a sustainable ICT company positions ICT2 well. It uses sustainability as a differentiator for the years to come, and Green IT and Sustainability get the importance they deserve. Because I don’t think this is an issue that is being latched onto at the moment”.

Senior Manager, ICT2

8.2.4 Implications of CSR Approach for CER

As summarised in Box 8.2 below, the flow-on effect from the CSR approach to the CER could be considered contradictory, as Tele1 published a full CER, however ICT2, despite its aim to be market leader in CSR, did not publish a report.

Box 8.2 – Relationship between CER and CSR Approach

The study organisations' approaches to the use of the CER and the publishing of data was contradictory at first examination. Tele1, despite having a passive CSR strategy, published a comprehensive CER and made considerable effort to ensure that its stakeholders saw “credible” information^[2]. ICT2 published limited and selective CSR data with no local CER, even though it was aiming to be a market leader in CSR^[1]. The suggested reason for these behaviours could be differing attitudes to risk and the stage of development of the CSR programs within the sub cases:

- Tele1 was risk-averse, therefore publishing CER, that included auditable data, reduced the likelihood of adverse stakeholder reaction or poor publicity. CER publication was reinforcing its good citizen status. Targets published in the CER were achievable in a short timeframe and in areas that had already shown performance improvement^[4].
- ICT2 was a more aggressive organisation, which had taken a risk by marketing its CSR credentials. It was prepared to make aspirational statements about CSR leadership and publish ambitious environmental targets, seemingly on the assumption that these would be met at a later date^[5].

Transparency was an idea that ICT2 aspired to in its rhetoric; however, there remained a reluctance to publish information^[9]. At the time of the research, the company rhetoric, particularly in external marketing, was not reflected in its internal processes to improve performance or provide information to customers in a pro-active manner. Data centre outsourcing was the only area in which there was evidence that customers were obtaining performance data as well as policy:

“Our activities are not yet considered adequate in comparison to the strategic marketing position taken on the Sustainability policy. We have released marketing papers and sustainability leadership papers, or white papers, based on research that we’ve done, and that’s probably the extent to which we’ve put credible stuff into the public domain”. Individual Contributor, Sustainability Team, ICT2

The publication of targets and policies was, therefore, selective and in a marketing fashion, although with the long-term promise of a CER and auditability^[10]. The fact that the company did not have to produce a CER may actually have been working in ICT2's favour, as it could lead the market in principle without having to announce its own results should these be unfavourable. By not publishing a CER, ICT2 had more freedom to “selectively” publish its CSR approach and performance, choosing those elements that enhanced its CSR reputation:

“Legitimacy, to obtain a long-term future we have to do this [publish data] as part of the future for ICT2. The more we do earlier, as far as I am concerned, then the more we can build on our competitive advantage. If we don’t do it we will lose credibility”. Sustainability Manager ICT2

The visibility of the CER to the marketplace and stakeholders could, therefore, be seen to be driving pro-environmental behaviour. For Tele1, this was to protect its reputation; for ICT2, this was to live up to its rhetoric on CSR.

8.3 CER to Support CSR Marketing and Green IT

The marked difference in approach to strategic CSR between the organisations had a flow-on effect to the promotion and publication of its CSR activity and the use of the CER to assist in marketing CSR to customers.

In both sub cases, a growing trend was reported by the interviewees that the CER, or more specifically information from the CER, was being used by sales teams^[43] to complete large customer and Government tenders that required specific environmental performance or CSR policy information^[11]. However, the different company approaches to CSR were reflected in how actively the information was promoted by the marketing teams, and therefore the pressure on the sustainability teams to provide credible data.

Tele1's CSR approach of "beyond compliance"^[26] led to limited marketing activity for environmental issues; plus, Tele1 did not position any of its products or services as being specifically 'green'. The sustainability and corporate reporting teams did ensure that there was material available for customers on the website for CSR, in addition to providing the CER for the previous 5 years. For large customers, Tele1 reactively provided whatever CER information was required for contracts, tenders, and as requested by sales staff speaking to their prospects^[31].

In ICT2, the CER, and policy and performance data associated with reporting, were being actively utilised in marketing campaigns and to create Green IT products. The CER data collection processes were being used by ICT2 to create its own Green IT products and service offering of Green IT consulting^[45]. For example, ICT2 was working in collaboration with power monitoring specialist companies to develop its own 'product offering' for data centres^[16]. The driver for this was the fact that GHG emissions, in particular carbon, needed to be attributed to the company that was using a specific piece of IT hardware rather than the company supplying the energy^[42]:

“So how Green IT works is that embedded carbon will belong to [the customers] so most of the data centres operating cost, we have a responsibility for which we should control. It's a service we offer but it benefits us as we show less emissions”.

Junior Manager, ICT2

CER policy and targets were also being utilised in promotion material, on the company website and in customer promotional activities such as sales presentations and conferences^[11]. As there was no local CER, ICT2 drew on the information it gathered to provide to the Japanese Head Office, as well as some policy and statements from the international report and made by local leadership^[35].

Marketing-style material was created to promote targets that had been approved as part of the CSR strategy^[15], and which were intended in the longer term to form part of the local CER^[7]. This activity was helping the company to see CER as part of the organisation's operating model, as there was an overall fit with the processes, company policies and marketing message and reporting.

8.4 CER to Structure of CSR Approach

The CER in the study organisations were produced “with reference”^[2] to standards and other companies' reporting. Use of standards and benchmarking to inform the layout and content of the CER was evident^[32, 33]. However, the standards, in particular GRI, were regarded as ‘guides’ to how the CER should be approached, rather than being followed “to the letter”^[7]. The GRI standard also allows considerable latitude for companies to select which data is material. The collation process for the report was based on the organisations' staff often selecting information to collate and publish that was most likely to “show the company in the best light”^[26]. The flow-on effect to structuring the approach and processes for CSR was, therefore, in a bias towards a focus on company image, rather than utilising GRI as a definitive guide.

In Tele1, the effect of CER standards was “weakened”^[4] by the fact that the organisation sought to protect its public reputation through careful selection of data and information for the CER. Its internal materiality process balanced the Good Citizenship appearance with the need for credibility and compliance^[2]. The strongest influencer was the GRI 3 standard, as the CER needed to be auditable, although Tele1 did not use the standard as a prescribed format. The CER for Tele1 included tables and ratings, as these had been prepared by referencing the standard. GRI had previously been more rigorously used in the reporting process; however, the team found it unwieldy^[2]:

I found it really hard. In fact for a few years I had a table where I would list the GRI indicator and whether we had been able to report on it or not, and a lot of it was black”.

Individual Contributor, Sustainability Team, Tele1

The ICT2 CER was compiled in Japan, and the local team was of the understanding that the reporting approach had been influenced by GRI^[7]. However, the impression of the local ICT2 team was that the approach to GRI was ‘minimalistic’^[1]. In Australia, information required for the market was the strongest driver of the data collection, targets and policy statements. Benchmarking surveys, award criteria and some customer information were driving the data collection needs and influencing the report content, rather than this being driven by use of CER standards. However, as the requirements of the Japanese Head Office, who used both their own categories and GRI, were mandatory, the

Australian organisation was being forced to collect relevant information, a process which had a flow-on effect to CSR process implementation.

In addition, regulation, specifically the imminent need to report NGERs, was evident in the sustainability team's approach to reporting, and would be expected to drive some data gathering:

“Probably a combination of us wanting to have our own house in order and upcoming legislation, I mean the UK would probably be leading as well as Germany - we have NGERs coming up so have to do something”.

Sustainability Team Manager, ICT2

To ensure the credibility of their CER, both study organisations undertook some benchmarking against other companies' CER and CSR policies and performance; however, this was limited in extent:

“We do our own little mini benchmarking against other global integrated Telcos, probably about six or seven of them. Then we'd look at them for all parts of practice carbon intensity, carbon reductions, energy reduction, and a few other bits and pieces like customer emission savings – are they capturing the emissions that they're helping customers avoid, for example. So, we always ... every six months we'll say we'll do that, we'll do a check...”.

Corporate Reporting Lead, Tele1

8.5 CER to Support CSR Governance

The role of CER to support the CSR governance process was reviewed. The CER was used as the primary vehicle to monitor progress against targets, in both organisations, through IT data processes set up internally^[7, 26]. In both sub cases, there was also a clear governance process for the CER, with Senior Managers being required to create statements for the CER and to review and sign off on the report content, before it was collated and either published or the information was sent to the Japanese Head Office^[1, 26].

In Tele1, input to and sign off on the report was required from all Senior Managers, the Public and Investor Relations Team, and the CEO^[4]:

“Sign off is at a number of different levels. Director of ... yeah, no, the Procurement Director ... Executive Managing Director for Procurement would sign off on much of the data, because they’ve got the relationship with the vendors. The vendors will sign off the date coming from them and then I guess we do. It’s seen to be a big deal but with the Procurement people, they get everything signed off. What’s interesting is often ... I think the Procurement and the vendor management people in Tele1 are quite concerned about handing data on a quarterly basis or during the year because they know that the number’s going to change. We’ve seen that before, we’ve been bitten, to some extent, by false positives, like we underestimated...”

Sustainability Team Lead, Tele1

It was not clear from the discussions whether there was a different sign off process for CSR strategy and approach, or whether this was included ‘de facto’ in the CER process, as here the statements at the senior level were contradictory. However, in either scenario, CER governance was effectively supporting CSR by providing a process for sign off on policy and performance information.

ICT2 had a “Sustainability Board”, consisting of the following:

- CEO
- Director of Infrastructure and Outsourcing (largest Division)
- Director of Facilities
- Company Secretary and Japanese Representative
- Head of Sustainability
- Sustainability Program Manager

This Board was responsible for driving the creation of policy statements from leadership and approval of material created by the Marketing Department on CSR, which was utilised in the local marketing activity and for internal communication. A policy statement, which was congruent with the international CER, was also supplied to the Japanese Head Office. There was a local sign off process from the Board for all data and information to be provided to the Japanese parent company for reporting. The International CER included details of the formal governance process that controlled the reporting at a Head Office and regional levels^[1].

8.5.1 KPIs as part of Governance for CSR

The study organisations were also considering using the performance targets in the CER as KPIs to assess senior management performance^[1, 8]. These would be monitored as part of the CSR governance process. This was expected to be a significant driver for change, given that there would be a direct link to overall job performance^[12, 29]. However, the implementation of KPIs was considered to be difficult due to the disparate contributions each department would make to the overall target^[4, 12].

KPIs for CSR were in place for both sustainability teams. These were related to the ability to monitor CSR performance, as well as CSR performance, and so were directly supported by CER^[26, 35].

In ICT2, the CEO had KPIs from Japan on environmental performance. This provided the sustainability team lead with leverage to encourage pro-environmental performance improvement, which would also back up the very public positioning on CSR market leadership to which the CEO had committed:

“We publicise ICT2’s stance as company and what our beliefs are in terms of sustainability. Marketing quotes our CEO. The thing that is most important to me is that we have some clear targets for the company to achieve by certain days which are set by Japan which [CEO] is responsible for. In order to sell green IT we should have our own policies, so I am able to get CEO to sign up to those”.

Sustainability Team Manager, ICT

8.6 Conclusions: Organisational Level

Transparency Effect of CER

The results suggest that CER could drive change for CSR through the motivating effect of environmental performance transparency, particularly on senior management. The importance of communicating credible CSR policy and performance, to retain legitimacy, comply with regulation, and meet customer and peer group expectations, required the companies to publish information through an acceptable medium such as a compliant CER. Company rhetoric provided in CER was seen as an aspirational commitment, and so encouraged leadership to make changes to the CSR processes in order to be seen to meet the published targets on CSR. The ‘trust’ associated with a CER, rather than the ‘marketing or PR’ spin produced by the company, was a significant factor.

A finding, not reflected in the literature, was the strong effect of benchmarking agency indices as motivation for improving CSR performance, which had a strong influence on Senior Managers.

Stakeholder Feedback

Interviews with Senior Managers and the team members who collated the CER in both organisations revealed a surprising lack of engagement with the stakeholders and public. The implications of the lack of stakeholder or market engagement are that CER does not facilitate feedback. The CER did not appear to be modified due to stakeholder feedback; therefore, any CSR processes requiring improve environmental performance were unlikely to be influenced by the report.

CER as support for the CSR Approach

CER was seen to support the embedding of the organisations' CSR approach, perhaps to the detriment of improved CSR performance, as much of this activity related to the optimised presentation of the companies' CSR primarily to meet, publicly, the demands of customers. The CER process, including the assessment of materiality, was retrospective, seemingly selecting the most credible data for publication in the CER or for supply to ICT2's Head Office. In ICT2, the CSR messages were highly controlled by its marketing stance and here information the CER was being utilised to support the company's aim of market leadership, albeit in a very selective manner.

A potential two-way relationship between CER and CSR is suggested by the results. The transparency created by CER influences the study companies' CSR approach, through the need to establish legitimacy with stakeholders via a credible report. The CSR approach, then, effects the mechanisms by which CER can facilitate change for CSR within the organisations. For example, in ICT2, the use of CER by sales and marketing teams as part of the company's aim to be market leader, in turn, encourages improvement in environmental performance.

CER to help structure CSR approach

The results show only a limited effect on the CSR approach of the GRI standard used to create the CER in the study companies. The organisations used GRI as a guide only, and utilised the flexibility of the standard to the full extent by selecting what was considered material. Any structure provided by reporting was largely overridden by the evident need to present the companies' environmental performance in the most positive manner to stakeholders.

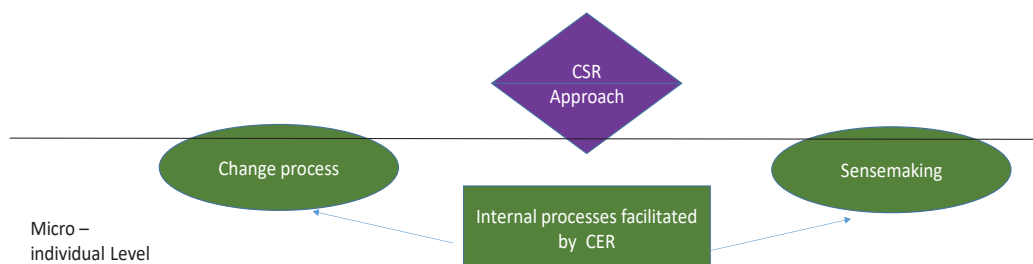
Governance

CER was contributing to governance of the CSR activity by providing performance monitoring and as a requirement for sign off. This was evident even for ICT2, as there was a requirement to provide policy statements and environmental performance data that met the international company objectives.

CHAPTER 9 – INTERNAL LEVEL EMBEDDING OF CHANGE.

This chapter examines the processes in place within the study organisations that facilitate the introduction of and ongoing change for CSR, and the role of CER in facilitating these processes. Forming the second element of the results presentation as shown in Figure 1.1, this chapter presents the major findings on how CER could assist the embedding of change for CSR. The chapter therefore addresses the micro, or internal, level of the framework, as illustrated in Figure 9.1.

Figure 9.1 – Micro Level of Multi-level Framework



The chapter firstly builds on the understanding created in Chapter 7 of the ‘dominant’ change approaches for CSR within the organisations, and level of empowerment of individuals at each management level to create change within the organisation. The implications of this approach for CSR and the role of CER is assessed.

The chapter then focusses on the internal processes of embedding CSR, and the observed effect of CER. Interview content is reviewed to determine whether the implementation of CER was creating process change which could lead to improved environmental performance. The analysis examines the processes associated with CER including performance monitoring and communication of CSR messages. The ‘reach’, that is the number of staff may be affected, of the CER is reviewed as are its potential effects at differing level of the management hierarchy. The key question to be addressed is:

Can CER create incremental change for CSR by increasing the awareness of CSR and by introducing direct process change and collaboration to facilitate the embedding process?

As a communication vehicle containing both company rhetoric and ‘hard data’ on company goals and performance, the CER is then reviewed based on the proposition that it is an input to the sensemaking process of staff. This is studied at all levels of the sub cases, as the effectiveness of CER as a communication vehicle within the organisations was shown to be stratified based on

management hierarchy. The awareness of the CER, its content, and pre-existing attitudes towards the environment, as outlined in Chapter 7, were considered to be important for sensemaking for CSR. The study organisations both had strong profit incentives, thus the study needed to investigate the dichotomy of CSR with the profit drivers. The presence of decoupling (Meyer & Rowan 1977) and paradox (Hahn, Pinkse et al 2014) are considered as responses to contradictory messages from leaders.

The question that is addressed by the analysis of the effect of CER on sensemaking is as follows:

Is CER as an input containing company information on CSR a possible mechanism to weigh the sensemaking process in favour of change for CSR?

9.1 Process Change for CER as part of CSR Change

CER requires the introduction of processes to create CSR policy statements from senior management and targets, as well as to gather data and monitor CSR performance. Based on the research presented in the literature review, the processes can result in incremental change that assists change for CSR therefore the CER processes are reviewed in this section to determine whether their introduction could be facilitating the embedding of change for CSR. The results are reviewed to understand the processes and the ‘reach’ of those processes: that is, how many members of the organisations are affected by the introduction of these changes; and therefore, the depth of the effect of CER on organisational change. The collection and collation of data requires cooperation between departments, in particular the finance and sustainability teams; therefore, the potential of CER to improve this cooperation for CSR will be reviewed.

9.1.1 Effect of Dominant Change Approach to CSR

From the review of the case studies presented in Chapter 7, the approach to change for CSR in the study organisations was shown to be similar, both having a dominant change model of senior management-led Planned style change. There was also a patchy approach to the implementation of CSR where Planned change was apparent; however, there was also evidence of limited emergent change. This pattern has implications for the ability of CER to affect change for CSR, either directly or as a catalyst for CSR. The top-down approach means that CER needed to exert an influence on Senior Managers to be most effective in facilitating management of change for CSR.

The lack of empowerment of staff to create change below the middle management level implies that the CER may not be able to encourage change with this group unless it carries the endorsement of

the senior level. The effect of the change model dominant in the study organisations, of the how CER could facilitate change for CSR, is summarised in Box 9.1 below.

Box 9.1 – Study Organisation Change Models as opportunity for CER

The dominant approach to change across the study organisations was one of directed Planned change, which is managed from the top and cascaded through the management structure. Recent programs were present for CSR that could have produced emergent change; however, the provision of change agents and the need to embed change over time were recent changes, and remained relatively informal. Maintenance of change for CSR, and local micro-level processes to improve environmental performance, were often based on the personal initiative of individuals and middle managers.

The change approach established in the organisations has implications for the effect of CER on embedding CSR.

Introducing direct process change:

- The implementation of processes for the CER, including creation of policy, targets and monitoring of performance, all have the potential to create change that could fit with the change model of the study organisation, as they can support a Planned and directed approach. However, the lack of formal change approaches and methods, and resultant ‘ad hoc’ approach to change for CSR, meant that any role of CER was likely to be fragmented and lead to incremental change only in specific areas.
- Creation of direct process change to collect and collate data should increase awareness of CSR and the policy messages of the organisation contained in the CER or associated information.

As a catalyst for CSR:

- Given the nature of the change approach in both organisations, CER needs to have influence at the senior management level to act as a catalyst. CSR implemented top down needs significant involvement of leaders (Lozano, Nummertc & Ceulemans 2016) and collaboration between departments. If leadership endorsement of CSR occurs, then middle and junior managers will believe that they are authorised to act on the CSR directives as described in CER policy and performance targets.
- Supporting the development of CSR activity is an area in which CER acts as a catalyst for CSR process maintenance, as part of the two-way relationship discussed previously.
- Embedding and maintenance of change for CSR needs to occur on a local level. To facilitate this process, CER, or information from the CER, will therefore need to be available at this level, and influence or facilitate the sensemaking process and institutional work of local managers and staff.

9.1.2 CER Creating Process Direct Change

CER was perceived as having a tangible effect on the leadership in two areas: the production of a public policy statement, and of targets for environmental performance. Neither CEO was interviewed; however, throughout the interviews, and specifically in discussions with Senior Managers and sustainability team leads, the attitudes of the CEOs were mentioned by interviewees.

9.1.2.1 Data Collection

Data collection processes for CER had the potential to increase awareness of CSR across the business, and to provide the monitoring process as input to governance and senior management. However, the data collection processes described by the sustainability team members involved collecting information only from limited sources. Internal sources were restricted to specific operational areas, as the bulk of the data was being sourced from suppliers, in particular facilities and building management companies²³.

Operational staff were involved in the CER process where data was required from areas such as the ICT2's warehouse EMS system or Tele1's operational sites. In addition, in ICT2 there was a focus on gathering data that supported its Green IT product offerings in the data centre.

The use of external sources of information considerably reduced the reach of the CER processes across the companies:

“Yes, it’s gathered from local units, and by that I mean the people that pay the bills or they receive the bills already analysed from electricity companies, or they pay the [supplier] responsible for managing those costs centrally.”

Middle Manager, Facilities, ICT2

Tele1 and ICT2 used external facilities management companies to reconcile all the building energy use data with the electricity suppliers' meter data^{1, 23}; sourced paper/ packaging data from the logistics company; and waste data from the outsourced national waste supplier. The vendor managers within Tele1 who managed the contractual relationships and incoming data with these suppliers had no incentive or interest in sustainability¹⁴. In ICT2, the process was similar, and managed largely by the facilities team, who did participate more actively in CSR activities²².

Energy consumption information, even in the data centres, was provided by power companies^[23], with specialised metering being in place to monitor to a more granular level^[6]. As this was a service ICT2 was offering to its large customers, the company was working with the supplier to improve reporting:

“That data is automatically uploaded from the meters and I think there’s a custodian of, like a vendor manager within Tele1 who guards that. We take from the source and from [XXX], who is our major facilities management company. They reconcile the data with building data, so it is ... it gets complicated... We’re refining more sites every year so that there’s a baseline...”

Sustainability Team Manager, Tele1

At the time of the research, neither company had a formal reporting database or system, and were relying on spreadsheets^[26, 35]. Both organisations were considering a new IT system that would provide greater auditability^[4, 7].

9.1.2.2 Performance Monitoring and Targets

The application of process and targets across the businesses that were associated with CER was inconsistent, and the pattern across the sub cases varied. However, both organisations had implemented some environmental performance targets based on commitments in the CER, either in the public report in the case of Tele1, or in ICT2, for the parent company as a contribution to the international CER^[26, 35]:

“Yes, and because I’m working now on a big process [XY], asking the questions of what’s our reduction target, or what’s our water target, what’s our ... We don’t have one. We do have a paper target but that’s because that’s something that the environmental team put up and are working on. The operations team are responsible for water consumption [0:04:16.9] and it’s not publicly available internally, externally. There’s lots of good things they do in terms of the procurement processes and business cases, all good stuff, but without trying to hit something you don’t have any accountability about what you’re doing, and to a certain extent it becomes difficult”

Individual Contributor, Sustainability, Tele1

Tele1 had a program of targets and had monitoring in place at a departmental level^[20]. Oddly, the sustainability team was within the HR department in Tele1, and therefore this department carried the targets for CSR. This was problematic for the team, as the achievement of environmental targets,

and associated KPIs, sat within a department that did not have control over the factors that affected the performance.

ICT2 had no plan to distribute environmental performance targets through the business^[4]. Instead, the company continued to rely on the sustainability team to liaise with relevant managers to obtain information to assess performance against the Australian targets, for supply to the Japanese parent company^[1]. The environmental performance targets that had been published to the marketplace were monitored at a senior management team level^[15], noting that the date for achieving these targets was five years in the future, which reduced the perceived urgency for change, and may explain the lack of granularity in the targets.

9.1.3 CER Managed by Sustainability Teams

In both sub cases, sustainability teams were responsible for managing the CER process. The introduction of CER process change was usually undertaken at a local level, without any formal change management; and therefore, was most often implemented based on the approach familiar to sustainability team leaders or local managers^[7, 26]. This reliance on one team, combined with a lack of senior management direction, had reduced the embedding of the CER process. In Tele, for example, the team had tried to publish the CER more frequently, at 6 monthly intervals; however, resistance from other managers in Tele1 prevented this from occurring:

“We report once a year. This is the most contentious issue that I’ve had to face as a Corporate Environmental Manager. I’ve been hamstrung for the last four and a half years because I’ve not been able to get the data on a regular basis. It’s absolutely crazy because ... well, but it’s crazy because Management 101 tells you that you actually need feedback and you need it regularly. Ah, failed that test. So, why is that the case? It comes down to individuals. Recalcitrant people and particular vendor managers in Tele1 who have defiantly decided that they will take control of data and not hand it out, and just dish it out on a once a year basis”.

Sustainability Team Lead, Tele1

The Sustainability Team members were effectively acting as change agents for CSR in the organisations, with their actions creating a form of emergent change. The team was using CER requirements such as data collection and performance targets to encourage local managers and staff to put in processes that, in turn, could create improvement in environmental performance; thus, the report was facilitating the embedding of CSR. The role of the sustainability team as change agents was part of an emerging theme of agency, which will be discussed in the following chapter.

The exception to the ‘patchy’ approach to the implementation of CER was its introduction and use in the operational areas where CER was most easily incorporated in the established HSE procedures or in the EMS in ICT2^[6, 39]. Here, a very high percentage of the Middle Managers and staff were involved in data gathering, as the operational performance was being monitored at a granular level. The effect of CER to facilitate this process was, therefore, considerable, and change management approaches such as Lean had historically been applied^[16, 39].

Another group of staff involved in the CER process were the Eco-Champion groups. These groups ran workshops, created new CSR processes, and ran awareness campaigns^[28, 41]. The Eco-Champion groups aimed to operate on an ongoing basis, generating ideas that would assist in meeting CSR performance targets, even though these were often to be achieved through individual projects^[28, 41]. The Eco-Champion groups had a role in CER, as some of the projects initiated by this group were reported in CER^[35]. The effect of these groups was also patchy, as they were highly dependent on motivated individuals who often had little support from local management.

9.1.4 CER Requirements affecting Senior Management

The interviews with Senior Managers indicated that they had been involved in the creation or review of CSR policies to be published by the study organisations, either in the CER or in a CER-style statement for the website^[20, 29]. GRI requires that a policy statement be signed by the CEO of the company as part of the reporting process. The Sustainability Team Leads were using this to encourage CEOs to create credible policies for publication. This appeared to assist in clarifying for Senior Managers that they should act for CSR:

“I think that sustainability has been identified as a priority item with 2020 targets, and the [CEO] published it as one of the key major strategies, so there is a strong mandate from or for us to take strong action. I believe that all organisations need to be sustainable in the future to have a genuine future”.

Sustainability Team Lead, ICT2

Table 9.1 below summaries the effect of the CER processes and requirements on Senior Managers.

Table 9.1 - Summary Effect of CER Requirements on Senior Leadership

Subject	Overall	Tele1	ICT2	Comment
Policy statements in CER	The need for a signed policy statement for the CER, or for credible marketing of the organisations pro-environmental stance, were driving CEO to produce leadership statements for which they were then accountable.	CEO statement in CER; change in leadership resulting in change in approach to CSR due to increased customer focus.	CEO policies and public statements follow parent company directives on CSR and policies in international CER; targets in place, however staff perceive that CEO is more focussed on profit, so policy based on sales and cost-saving initiatives.	The influence of CEO on the CSR policy was significant; the effect on the CEO of having to sign policy statements in CER is therefore a potentially major effect of CER on organisational change
Effect of Targets	Seen to 'own' the CER and the performance targets; public visibility of driving pro-environmental behaviour	<p>Main driver is public perception of the organisation leading to its positioning as a follower and use of more 'robust' CSR performance data some from CER</p> <p>Much of CSR activity and profit achieved as programs generally reducing cost; clear targets in CER assist in focus management attention on CSR action</p>	<p>Contradictory messages received from CEO, which Senior Managers often 'decoupled' before passing onto staff; profit most important, with CSR activity only ratified if it increased sales or reduced cost</p> <p>Published policy and targets from international CER seen as important, apparently due to risk of public failure; however, cost associated with CSR was not acceptable, which confused the messages</p>	CSR policy not fully embedded, leading to ongoing need for sensemaking and decoupling in both companies (discussed further below); publication of policies and targets in CER has an effect due to senior leaders needing to avoid public failure

9.1.5 Leadership and collaboration

To be able to facilitate the embedding of change for CSR in the Planned change approach environment found in the study, CER needs to act the senior management level. CER also needs to assist collaboration between departments. In the study companies, responsibility for production of the policy statement in the CER was a motivational factor for the CEOs and senior managers. In Tele1, this appeared to be limited to sign off on the already-worded statements in the CER for most, although not all, department heads^[4]. In ICT2, the involvement was more direct, as the senior team were involved in creating the CSR policy statements that were provided to Japan and used on local websites^[7]. For most in ICT2, this increased their commitment; however, interviewees cited that there were two recalcitrant managers who did not reflect this to their departments^[16, 42]. The difference in the sub cases may be because CSR was seen as a higher priority by the leadership of ICT2, as it was a market initiative expected to bring revenue through Green IT services.

Evidence of ‘deep involvement’ of leaders in CER, or CSR, outside of the policy-making process, was limited. Senior managers were relying on the sustainability team to arrange for the processes to collect data and to initiate any change to improve performance. The leaders’ role was limited to one of approval, both of data and requests for change with any associated costs. There were individual managers who were more motivated for CSR, or more directly impacted, such as the facilities manager in ICT2 and procurement in Tele1, whose involvement in the CER process was clearly higher^[7, 14].

The dominant role of the sustainability team in all CER processes also reduced collaboration between management and between departments. The team members were effectively acting as a “hub” ^[42] for all CER information; therefore, there was little need for other managers or departments to liaise directly regarding input to the CER^[26].

9.1.6 Conclusions: Direct Process Change

This section reviewed the place of CER in creating direct processes in the organisations, increasing awareness of, and providing support for, CSR activity, all which could potentially lead to improvement in environmental performance.

The ‘ad hoc’ approach in the study organisations to the implementation of CSR, being a mixture of Planned change directed by senior management and emergent initiatives involving the sustainability team or some local managers, limited the areas in which CER could be effective. There was a clear role for CER at the senior level; however, lack of empowerment below senior level appeared to

restrict the change process for CSR, and therefore the role of CER in embedding that change. Emergent change was occurring on a local level primarily due to the efforts of the sustainability teams and motivated local managers. There was little evidence of continuous change, except the ongoing initiatives led by Eco-Champions.

The ability of the CER processes to create awareness or process change leading to environmental performance improvement or acting as a catalyst of CSR, was therefore restricted, as it was not distributed broadly across the organisation. Staff involvement in CER was spread widely across the senior management levels, and here there was an apparent fit with the Planned change model. CER was seen to affect Senior Managers through the need to create signed CER statements and make public commitments to targets that could drive change for CSR and CER.

Below this level, involvement with CSR and CER was uneven across the case study. Some areas, such as the warehouse and data-centres of ICT2 and the operational teams in Tele, were very involved with CER; however, beyond this, very few other areas had CER processes, due to outsourcing of data collection. Consequently, only a few staff were involved in the CER process; therefore, CER could have only a limited, incremental effect. The reliance on the sustainability teams to manage the CER process, and the use of outsourcing to collect data, further limited the reach and, therefore, the effect of CER. Despite the limit in reach, an effect of CER was apparent in specific areas where individuals were driving the CSR and CER process as agents. This will be further explored in the following chapter.

There was little evidence that the CER increased management collaboration across departments, as the sustainability teams acted as a central coordination point for all CSR issues^[23, 35].

9.2 CER as Part of the Sensemaking Process

This section reviews the observed sensemaking process for the study organisations and the role of CER in that process. The companies' CER contained both company rhetoric and 'hard data' on company goals and performance. To be effective, however, CER must be known and its message be accepted by employees. The earlier review of the results uncovered a lack of awareness of the CER document below senior management level, although the information from the CER and its CSR messages were more well known amongst staff.

As outlined in the literature review of this thesis, the process of sensemaking for individuals is based on the elements of their 'analytical frame'. In this study, the elements that were seen to influence interviewees' attitudes to CSR derived from society and their organisation, as well as the organisational CSR messages in the CER. Sensemaking is also considered as a mechanism to address

uncertainty or resolve contradictory information; therefore, the influences on the individuals within the sub-cases were reviewed to determine whether contrasting CSR messages were affecting the sensemaking process. The potential effect of sensemaking is reviewed across the different levels of management, as the literature reviewed in Chapter 5 indicated that the importance and effect of sensemaking for CSR varied at different levels of management, with Middle Managers being considered key for the embedding of change for CSR.

The perceived relationship between CSR and CER evident from interviews with staff in the study organisations is considered key to the understanding of their sensemaking process for CSR and how CER might influence that process, and is therefore examined in this section.

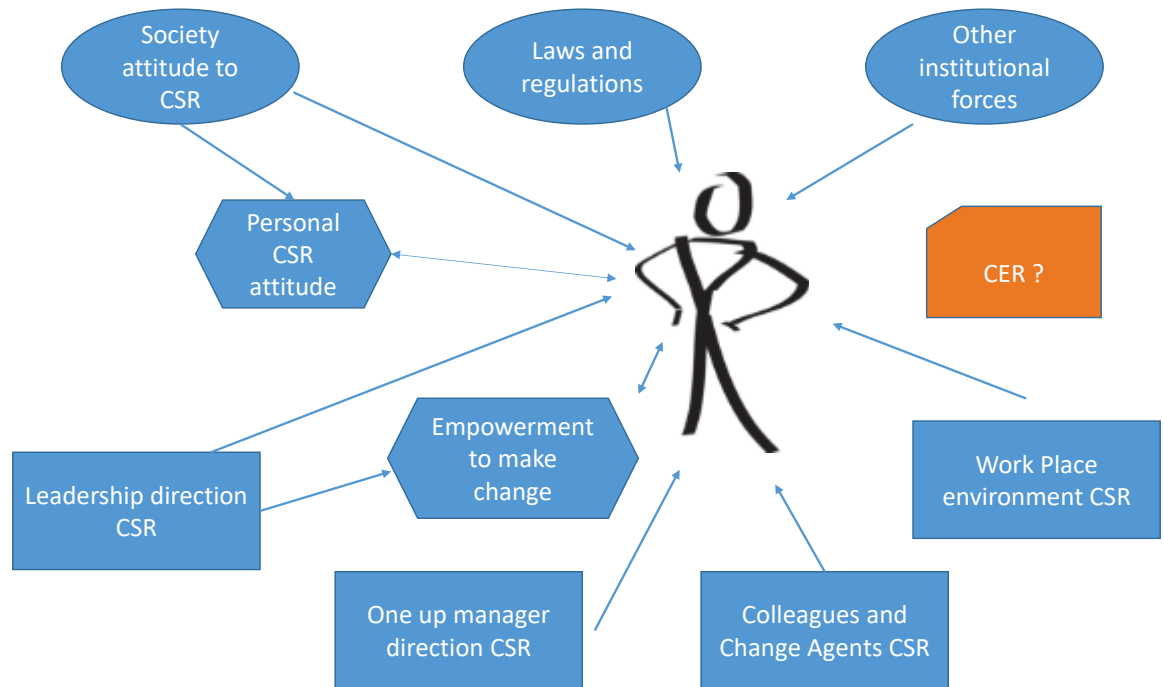
9.2.1 Influences for CSR on Employees

The results of the interview process were initially analysed to identify the influences on individuals for CSR, as a basis for examining how CER could assist change: for example, to increase an individual's understanding of CSR and of the relative importance of CSR to their company. The forces acting on individuals within the study organisations are a combination of external factors that determine the individuals' personal attitude to CSR, and those that influence their approach in the workplace.

A key factor in understanding attitudes to CSR amongst the interview group was that the NEP survey results had shown that the underlying attitude towards the environment of the study group was pro-ecological, and therefore it potentially assisted change for CSR. This implies that employees were more likely to be receptive to the CSR messages in the CER. However, the lack of pro-environmental action was a finding that was potentially negative for any behaviour change.

The diagram in Figure 9.2 outlines the major sources of influence on individuals in the study organisations as reported in the interviews.

Figure 9.2 – Influences on the Individual



There were two major areas identified in the research that were important to the effectiveness of CER as an influence on individuals in favour of change for CSR. These were: awareness of the CER and its content; and the inclusion of endorsed management policy in the report.

The effect of the CSR stance, including the communication of CER messages, from managers appeared to vary widely, as did the staff response.

These were reported by interviewees in the following categories:

- My manager is in favour of and endorses CSR, therefore I can act^[22];
- My action is dependent on a positive business case for CSR. If I feel strongly enough I can create this and put it forward for approval^[14, 40];
- My manager is opposed to CSR, it is less important than the bottom line, so there is no incentive to act, in fact there is a strong disincentive^[13, 16];
- Although my manager is not in favour of CSR, I am passionate enough to pursue CSR anyway^[6, 38].

9.2.2 Summary of Influences on Employees for CSR

There were many sources of influence for CSR found across the case study. The interviews' questioning process therefore explored whether CER could play a role in enhancing the effect of these sources of information on CSR. The results are summarized in Table 9.2 below.

Table 9.2 – Sources which Influence Employees on CSR and Role of CER

Subject	Results	Role of CER
Personal attitude	NEP survey suggested pro-environmental attitudes in sample group	Interviewees had read either the CER or information from the CER, and were surprised, or impressed, that their organisation was taking some action for CSR. This led to a more positive approach to change for CSR by these staff.
External forces for CSR	Individuals affected by similar external drivers for CSR as their organisations	The CER discourse for both sub cases contained general information on society's expectation for environmental performance and a review of compliance requirements, so was a potentially useful source of information. However, use of the CER document in this way was not widely reported in the interviews.
Senior management direction	CSR being part of strategy well known to middle management level	CER contains endorsed senior management CSR policy and targets, as discussed further in this section.
Is environment part of employee satisfaction?	CSR considered important by HR and sustainability teams	CER not utilised by HR, although cited as a potential source of CSR information.
Direct communication key influence	Sustainability teams and one up manager are a major source of CSR information and stance	The company position on CSR was communicated to management in part using information from the CER. The effect is discussed further below.
Workplace environment	Working environment, e.g. recycling in office Department, e.g. operations	Publishing CSR performance data on the notice boards, including environmental parameters ^[16] , could create local awareness ^[16] . It was cited as an ideal source of environmental information for notice boards.

9.2.3 Stratification of Sensemaking for CSR

The questions used in the interview process were designed to investigate the process of understanding and decision making for CSR at the Senior, Middle Manager and Individual Contributor levels of the study companies. The interviews also sought to understand the interviewees' perceptions of what was their manager's stance on CSR. The results showed a stratification in the inputs to and outcomes of the sensemaking process for CSR, based on seniority in the organisations.

The stratification of sensemaking/ sensegiving at the differing levels of the management hierarchy has implications for how CER might be effective at each level in facilitating the sensemaking process in favour of CSR across the management hierarchy. CER needs to have a greater influence on Senior and Middle Managers, who are more important for embedding change for CSR in the pre-dominantly Planned change approach, as discussed above. Individual contributors have limited ability to affect CSR, as they are not empowered to initiate change, and therefore remain largely dependent on management direction. However, the CER was seen to have a role with motivated individuals and change agents, as will be discussed in the next chapter.

The demonstrable difference in the sensemaking process in Tele1 and ICT2, based on seniority, appeared to be due to two factors: the awareness of CSR as an issue for the companies; and on the involvement in CSR strategy; both of which decreased with level of management. This pattern was expected, as Senior Managers would be more concerned with interpreting macro-level forces to create organisational activity. Middle Managers must apply sensemaking to understand the contradictory CSR messages from their managers, and decide whether to act and create processes; and thus, are critical to the embedding of change for CSR. For individuals in this study, sensemaking was largely a case of working out "what the boss wants"^[3].

9.2.3.1 Senior Management Sensemaking

As discussed in previous chapters, CEOs and Senior Managers needed to make sense of external, and some internal, drivers, such as employee satisfaction, to set the CSR approach. Based on interviews with staff, the sensemaking outcomes for CSR strategy reflected what senior policy makers thought needed to "be seen to be done"^[25], rather than a driving concern for the environment^[25, 30]. Scanning of the organisational field and stakeholder input provided the signals that CSR was a requirement to retain legitimacy. The need for a 'signed' policy statement for the CER, or for credible marketing of the organisations' pro-environmental stance, was driving CEOs to produce leadership

statements for which they believed strongly that they were accountable^[20, 29]. However, this sense of ownership did not appear to extend to all senior management. For some leaders who were to be responsible for CSR, the approach did not consistently adhere to the CSR message, using financial drivers as an “excuse” not to implement policies^[4, 16]. Other managers had symbolic compliance with the pressure, by making CSR statements to comply with CSR objectives, rather than working towards substantive achievements.

9.2.3.2 Middle Management Sensemaking

In the study organisations, sensemaking at a Middle Manager level was seen to be critical for the embedding of change for CSR, as it is at this level that action is to be taken and input provided to functional teams^[1, 14]. Furthermore, the communication of the CER and CSR messages was not well established below this level, so change for CSR relied on Middle Managers to convey CSR messages:

“It’s an interesting one, actually, because I think initially it’s the decision that’s seen as top down. We must do this because I say so, or we’re being told to by the global business increasingly now, and then I think it’s very dependent on the One Up [Middle] Manager and Business Unit [Dept. Head] and they seem to choose what to act on”

Junior Manager, ICT2

Middle Managers demonstrated a reasonable awareness of CSR policies, and appeared to believe that the organisation aspired to behave in a pro-environmental manner^[8, 27, 40]. However, the unclear message on profit versus CSR led to an a lack of understanding, amongst Middle Managers in both sub cases, of what change was required, as there was also no “call to action”^[3, 6]:

“So, I’ll use the [XYZ CSR] programme as an example, things [ICT2] trying to achieve in leadership development, those behaviours are things that are close to me anyway, it may be a decision made top down but actually then it does take probably the middle layer to drive it and reinforce it more so than the leadership”.

Middle Manager, ICT2

The established focus on profit disrupted the CSR message. This disruption was exacerbated by the fact that there were few CSR programs in place that were a cost to the organisations and not justified by a business case^[14, 42]. Middle Managers’ sensemaking process was resolved in many cases as, implement the environmental initiatives as long as they don’t cost too much^[3, 16, 26].

There was a strong view from the majority, 67%, of interviews with Middle Managers and below, that the senior management CSR messages in the CER were ‘spin’ designed either for the market, in ICT2^[37], or for stakeholder consumption, in Tele1^[3]. Unless Middle Managers had seen specific CSR or CER activity, e.g. data gathering locally, they were unlikely to regard CSR initiatives as something needing their attention, and therefore unlikely to act^[13].

The scepticism about the CSR and CER messages was higher in ICT2, as messages from senior management were highly contradictory. ICT2’s strong profit orientation meant that there was management communication on a regular basis that stressed the importance of meeting financial targets^[40]. The CSR messaging was ‘de-coupled’ from this messaging, being delivered in separate marketing-style information ‘packages’ or in forums related to the change program being driven from Japan^[27]. The relative importance of the targets was, therefore, unclear to Middle Managers:

“Yes, whereas now the company is actually starting to look at it more seriously and they’re starting to implement some of these policies, but there is a marked lack of enthusiasm and I think that still comes from the top”.

Middle Manager, ICT2

The most important inputs to CSR sensemaking for Middle Managers appeared to be the company approach and their direct manager’s attitude^[26]. Direct communication, primarily from one-up managers, was shown to be one of the major mechanisms of communication. Middle managers’ role was, therefore, key to CSR implementation, involving both sensemaking of the messages from the leadership, and sensegiving, that is, communicating CSR messages to their teams, leading to potential changes in behaviour, processes and culture. The lack of awareness of CER as written discourse at middle management level meant that, as a document, it was unlikely to be playing a role in communicating CSR information to Middle Managers. This was a missed opportunity for CER, as messages on CSR from the report could have been facilitating the embedding of CSR if they were provided across the leadership levels.

Their department’s function was important in the sensemaking process for Middle Managers, as in data centres^[23] and Green IT consulting^[45], CSR activity was clearly good for profit; therefore, CSR messages were more likely to be interpreted positively. In cases where the department manager had more direct contact with the senior management or the overseas organisation, for example in finance HR and sustainability, the CSR messages were more likely to be reinforced^[29].

In operations and some specific HSE areas, the need for information was clear, as ‘environment’ was part of processes and standards as well as reporting, so the sensemaking for CSR was more easily resolved as this was part of business as usual, not an additional activity^[27, 39]:

“It’s part of the job. I get information from the webpage which is an up to date resource as I’m the OH&S representative for my floor. So, I probably have a little more interest in just keeping up to speed with what’s going on from an OH&S point of view and how that impacts and the environmental policy impacts”

Middle Manager, Tele1

Sensemaking for CSR initiatives at a middle management level appeared to vary dependant on whether the individual interviewed looked at CSR from an overall corporate view or one focused on their own area’s initiatives. In many conversations, managers tended to relate to actions they had seen in their own department rather than to the organisation as a whole. There was one notable example, of an outsourcing manager, who appeared to have a personal objection to pro-environmental behaviour and was seen to be actively blocking activity^[16]. This is in line with the importance of direct communication recorded in the research, and the perceived ‘block’ at middle management level of communication of CER and CSR information, where only those with a business reason or personal incentive had looked at overall CER or CSR policy.

Table 9.3 below summaries the effect of the CER on sensemaking of Middle Managers.

Table 9.3 - Summary Key Findings Middle Management Sensemaking

Subject	Overall	Tele1	ICT2	Comment
Middle Managers	<p>CER awareness amongst this group was not high, therefore the documents itself had limited direct impact; direct communication to their teams and action from Middle Managers was not evident at the level required for embedding change</p> <p>Sensemaking for Middle Managers was made more difficult by unclear or contradictory messages from senior teams and traditional focus on cost</p> <p>Interpretation of CSR messages was dependant on the individual and varied from action, cynicism and decoupling</p>	<p>New CEO and new change in approach meant Middle Managers were more likely to give credibility to CER and CSR messages, however there was no pressure to implement as no KPIS or consequences of inaction</p> <p>Profit focus still thought of as a major directive, so attitude appeared to be implement CSR policy if it was not too costly</p> <p>CER policy and targets used to communicate CSR messages to staff</p>	<p>Strong perception amongst Middle Managers that ICT2 was marketing itself as leader in CSR, however the reality in terms of internal action was not clear; the company focus on profit, clearly driven by the CEO, dominated sensemaking process; decoupled messages from senior team reinforced this dichotomy; CSR action taken if cost effective or marketing oriented</p> <p>CER used either to reinforce action or simply to pass on decoupled management communication</p>	<p>Lack of established change processes for CSR and confused messages from management make sensemaking essential for middle management.</p> <p>CER assists where managers need to justify behaviour or communication of CSR messages to staff or have a reason to take action</p>

9.2.3.3 Individual Contributor Sensemaking

At the Individual Contributor level, except for specific teams, CSR was not part of day-to-day activity. As would be expected from the results on CSR awareness, direct communication of CSR messages appeared to be the most significant influence on individuals, with the stance of their team manager or department head being a key factor^[13, 25]. Here, interview data demonstrated that, across both organisations, there appeared to be a mixed response to the messages from the CER and the CSR policies of the organisation. There was considerable evidence of the sensemaking process being present primarily where individuals were ‘weighing up’ the importance of the CSR messages versus the established rhetoric of financial imperatives, and making an assessment on whether to believe the management message on CSR or disregard it as ‘spin’:

“ICT2 is probably better than many [organisations] from what I have heard, well yes, just something about their claims to be, so based on the claims – but yeah, not enough information to really understand if these are real and what it means for my team”.

Junior Manager, ICT2

“There’s always the network construction stories about flood recovery and all that kind of stuff, which captures everyone’s attention, but sometimes with green initiatives you need a bit more out there to convince people it’s important”.

Individual Contributor, Tele1

The significance of the outcome of the sensemaking process varied based on the individual contributor’s position in the organisation. A few individuals were key for the CSR policies to be embedded, whereas a lack of response to CSR messages from many individual contributors would have little effect on the overall embedding of change for CSR, as they had little involvement in the CSR change process^[23, 35]. Overall involvement in CSR was not encouraged if it impinged on day to activity, which limited the effect of CER messages:

“I did sign up for the Eco-Champion, I think, and there just wasn’t a lot of ... it’s a very self-motivated type, and so that’s what I mean. It’s not really encouraged a great deal to get too involved, just because of the time constraints we have at work”.

Individual Contributor, Tele1

Sensemaking in favour of CSR was more likely to occur if the individual was personally motivated or if CSR was needed for their role, e.g. sales^[11].

In Tele1, at the individual level there appeared to be a recognition across the organisation of the need to be a Good Corporate Citizen, in part driven by the change in CEO^[21, 31]. Staff had a view that the company was intending to adopt CSR to retain its legitimacy, but was not, however, pushing its commitment beyond projects and where required by HSE regulations^[43]. This gave implicit permission for staff to be involved in small-scale, generally cost-saving initiatives; and to communicate CSR messages if they wished; however, there was no pressure to perform. Due to this lack of management pressure for CSR, individual contributors in Tele1 did not perceive a strong conflict between financial drivers and CSR; and if asked by managers, staff would act on pro-environmental initiatives with limited concern about the financial impact^[41]:

“The other component as well is the 700 Eco-Champions doing their work, which is basically Tele1 going out and saying they want to make a difference. Nobody has gone and said, “I don't want anything more to do with Eco-Champions or pushed back based on cost.” The amount of people coming in that hasn't been overwhelming, though”.

Individual Contributor, Sustainability Team, Tele1

Individuals in ICT2 were more confused by the CSR messages from management, as these were often overtly marketing, and although asking for action, were separated from other company rhetoric on meeting financial targets^[25]. Interpretation was, therefore, mixed, and significantly dependent on the individual's position in the organization and personal motivation:

“I think it's pretty chaotic. I think there's ... senior management is quick to set expectations and directions in that respect, but then they want things to happen. Of course, it can't cost anything but they want to have it much quicker than it, even with proper funding, can be achieved”.

Middle Manager, ICT2

Many staff not involved in the CER or CSR process simply dismissed the pro-environmental messages as a marketing initiative^[27]. Even those who had personal motivation did not necessarily believe that the senior managers were “serious”^[48] about CSR.

What appeared to make the most significant difference to the sensemaking process, and consequent level of de-coupling, was the “ferocity”^[29] with which ICT2 pursued both goals simultaneously. The result in the organisation appeared to be a confused picture^[27]:

“It was ICT2 blurb and it appeared to be marketing oriented. It was not about general environmental change that is too politically complicated for a company like ICT2”.

Individual Contributor ICT2

Table 9.4 below summarises the results on the sensemaking process for Individual Contributors in the case study organisations.

Table 9.4 – Summary: Key Findings, Individuals Sensemaking

Subject	Overall	Tele1	ICT2	Comment
Individual Contributors	<p>This group had limited CER knowledge; the CSR messages they received were diluted and not part of day-to-day activity for many</p> <p>Sensemaking in favour of CSR occurred if the individual was personally motivated for CSR or if the CSR information was needed for their role; pro-CSR behaviour not embedded at this level and there was a limited role for CER</p> <p>Direct communication and local CSR activity such as recycling were more effective as driver for pro-environment behaviour</p>	<p>CER was only influencing sensemaking in individuals who needed to access information for their roles; were personally motivated for pro-environmental behaviour or who were involved in CER process</p> <p>Embedding of CSR was not evident at staff level; most individuals' attitude to pro-environmental action was equivocal, some staff would implement CSR/CER processes in response to company policy or personal motivation, however no sanctions were expected if action not taken unless there was HSE requirement</p>	<p>The CER document was not effective in encouraging pro-environmental behaviour directly; targets and policy from international CER had some effect for motivated individuals or those involved in the CER process, however are more likely to believe company will take action</p> <p>Many staff resolve CSR sensemaking by ignoring the messages as 'marketing' or taking a minimal cost approach that does not affect profit incentive</p>	<p>The impact of the CER on the sensemaking process was limited at the Individual Contributor level. Staff who were personally motivated for pro-environmental behaviour or who needed the information for their role may have accessed the CER information as an input to their sensemaking process.</p>

9.2.3 Sensemaking for Contradictory Messages for CSR

The overall perception of interviewees in both study organisations was that the sensemaking process for CSR in the study organisation was particularly important, as it was necessary for individuals at all levels to interpret the ambiguous and often conflicting messages and objectives on CSR and financial viability. These did not appear to be easily resolved, even at leadership level, as was clearly seen from company documentation on strategy and CSR which contained little guidance on management of cost for CSR implementation^{9, 10}. The financial profit message often conflicted with the CSR message when any cost, even use of staff time, was required to implement CSR initiatives, except where a clear business case had been produced. This meant that an unclear sensegiving process was occurring from all management levels. Interviews across the study organisations indicated that staff below CEO level were receiving contradictory messages about the importance of CSR to the organisation, in relation to financial and other objectives. Individuals would assess the information through the sensemaking process with the following outcomes, which reflect the theoretical concepts in the literature (Hahn, Pinske et al 2014).

- Pragmatic approach
 - o messages could be reconciled as CSR initiatives save money or increase market share
 - o one-up manager or department head had set a direction either for CSR or profit, so that was the driving decision
 - o messages from CEO level were stronger for profit, so staff dropped or “paid lip service”¹²⁵ to CSR
- De-coupling – staff pursued both financial and CSR directives independently, based on personal motivations and company messages as an input to their sensemaking process
- Paradoxical approach - messages simply cannot be reconciled, so staff try to pursue both, weighing the importance of each one on a case-by-case basis at the time of the decision.

The outcomes of the sensemaking process for CSR varied based on management level and individual bias towards the environment and organisation. De-coupling was the most frequent result, as individuals could not reconcile the differing messages sufficiently to select one course of action, and so simply pursued both independently.

The adoption of a paradoxical stance by some staff, was based on the view that messages from the CEO were seen by the staff as “transitory”¹⁶: that is, they related to the initiative being discussed at the time, and not necessarily to a coherent direction for the company. This meant that the messages and directives could be addressed in turn, allowing any contradictions to persist until the next directive.

Those who perceived CSR as a cost to the organisations were forced into decoupling if they were to promote the company CSR messages along with the established belief in profit, as they clearly believed that these were incompatible^[3, 29]:

I mean, I think the environment is something that's getting a bit of awareness here, as in more recognition of possible harm done to the environment. I mean, it's interesting at the moment with the carbon tax debate going on as to, you know, whether [Tele1] really want to bear the cost of environmental awareness doing forward."

Junior Manager, Tele 1

The responses varied from cynicism, where messages were passed on without any conviction, to blocking, where managers simply did not respond to leadership requests around CSR. There appeared to be an expectation that there would be no consequences of either approach.

9.2.4 CER: Place in the Sensemaking Process

The place of CER in the sensemaking process, and how it might facilitate the embedding of change for CSR, was examined in conversations about where interviewees obtained their information on company CSR activities, and how they evaluated that information in relation to other discourses from the organisation. The relationship between CSR and CER as perceived by the interviewees formed a key part of the analysis, aimed at revealing any evidence of CER being part of the analytical frame used by staff when undertaking their individual sensemaking process for CSR. Information was gathered on the use of the actual CER; however, as the CER for ICT2 was not available, and in Tele1 it was not distributed, much of the discussion focussed on the information distributed to staff, which was used to inform the CER or created for reporting purposes.

9.2.4.1 Awareness of CER

The role of CER in influencing individuals' attitudes was predictably related to their awareness of the report or its contents. As the awareness of the CER itself dropped rapidly, below senior management level, the effectiveness of CER as a communication vehicle to most staff relied on the distribution of the CER information, which was widely "pushed"^[1] to employees through the intranet. The CER content, targets, policies, and some project-based performance information, were cited as having a positive effect on their attitude to CSR by some of the interviewees^[9, 10].

The low overall awareness of the CER below manager level did conceal some variation across the organisation:

- some Middle Managers, if motivated, did pass on the CSR messages from the CER and support environmental initiatives, providing an increased awareness across the organisation in specific areas;
- individuals who needed the information for their role would make an effort to find the data and the CER if required;
- entrepreneurial staff were accessing the information despite difficulty in finding it. Those with a strong motivation for sustainability had taken this a step further and searched for information on the subject within the company and acted on their personal convictions:

“Yes, I do because it’s something that’s very close to my heart. So, I hate that thing where the good corporate entity comes out and waves a green banner but doesn’t back that up with actual day-to-day adherence as to how we’re going to improve things. But I do think they’re getting better and sometimes it takes a long time to turn the ship around, but I think that it’s becoming more acceptable. And the actual workforce in the office, it’s becoming more acceptable now to think in a green manner. And because that is driven from the top it’s just taking a lot time to filter down”.

Middle Manager, Outsourcing, ICT2

9.2.4.2 Senior Management Endorsement of CSR Approach in CER

CER had a clear role to play in the communication of senior management’s approach to CSR to the staff, in the form of the report itself, via the Intranet messaging of its content and as information used by managers to communicate with their teams. Leadership direction and the approach for CSR was known, almost without exception, to Middle Managers and to some Junior Managers and Individual Contributors interviewed. Tele1 staff knew of the company’s protectiveness of its public profile, and had either been told of or made the connection with CSR requiring action^[43]. In ICT2, the message about market leadership had been heard “loud and clear”^[16]

9.2.5 Interviewees perception of relationship between CSR and CER

The relationship between CSR and CER as perceived by the interview group varied considerably from those who saw no functional relationship, most often as they had not seen or read the report, to those who believed that the CER, or the information in the CER, was an important part of the implementation of change for CSR. This relationship was key to understanding the place of CER in the sensemaking process, as how employees perceive the CER in relation to their organisation CSR initiative dictates how the report fits into the analytical frame of their sensemaking process for CSR.

The majority of interviewees considered that the CER should have a role in the CSR implementation and that to “improve things you need to understand and report them”^[16] even if they had not read the report or engaged in the CSR process themselves. CER content which related to CSR was being read from other sources of information, such as emails, blogs and websites by nearly all interviewees. The CER and its content can therefore be considered to be part of the analytical frame for ‘making sense’ of CSR initiatives within their organisations.

The group of interviewees that did not perceive a useful relationship between CSR and CER were primarily the less senior staff or those not involved with CSR or CER processes. This pattern reflects the distribution of awareness of the CER as described in Chapter 7.

Interviewees at a more senior level, as well as those involved in the implementation of CSR or the CER process, described the CER as a useful tool for change for CSR for communication, education, as a source of endorsed management policy on CSR or as reinforcement of the management CSR policy ^[4, 15, 35].

9.2.5.1 Limited relationship CSR and CER

There were a limited number of staff who saw very little relationship between CER and their company’s CSR initiative. There were three apparent causes of this

- Not having seen or read the CER or any information from the CER.

As described in Chapter 7 a significant number of interviewees had not seen the CER or had no awareness of its content.

- Information in the CER not being useful

“I have seen something – but it wasn’t particularly long or detailed and so did not stick in my head. I can’t recall that it was helpful for understanding CSR policies or terribly educational”.

Individual Contributor ICT2

- Seeing the CER as purely marketing spin, or having no influence on real change for CSR

“I don’t think it really depends on a report as far I am concerned. I read myself and I am concerned, not really about me but and my children, No its other influences”

Middle Manager ICT2

Yes, because I mean if I was an external person and I saw that [CER] I'd go "That's fantastic." But internally knowing what's happening behind the scenes, no. I mean it's great that that's happening and it's there. Don't get me wrong, it's important to keep pressure on internal stakeholders to step up and deliver, but there's ... yes”.

Individual Contributor Sustainability Tele1

However, even where staff had not looked at the CER they expected a report to be produced, have some useful concepts for on CSR and to meet compliance requirements.

I would assume they'd be doing environmental reports whenever they're doing a major project, so if they're going into a local area digging holes, laying new cables.

Junior Manager Tele1

9.2.5.2 CER seen as a source of information on CSR and company CSR policy

The majority of the staff interviewed in both sub cases indicated that there was either an observed or a potential relationship between the CER and change for CSR in the organisations. These interviewees stated that they had read information in the CER or from the CER and that this information had helped them understand the concepts and company policy on CSR. Information

had also been used to fulfil specific CSR implementation requirements including compliance, CSR reporting and answering customer requests for information^[11, 39]. Staff perceive that the CER is an important part of CSR implementation as reporting on initiatives is considered normal business practice ^[13, 48].

An important element of the relationship between CER and CSR for the sensemaking process of this group of interviewees was that the information in the CER was assisting staff to understand ambiguous signals on CSR from all levels of management. This is a direct relationship where information from the CER forms part of the analytical frame of staff when they need to make sense of directives for profits which can be contradictory with those for CSR. The reinforcement in the CER that implementation of CSR is an endorsed management process assists the sensemaking process.

“Yes, it is good. All the policy and strategy stuff is there, I was also involved in the Sustainability groups which started on a local basis but they lost momentum and I am to busy in the new role”

Junior Manager ICT2

“When the report was released they did a launch and then a follow up communication story, so it was on the intranet home page just featuring the highlights, what the key highlights were for example performance. It's just really designed to inform. This is what we said we would do and this is how we progressed against that target, whether we achieved it or didn't achieve it, or if the targets changed. It's a progress report”.

Middle Manager Sustainability Tele1

9.2.5.3 CER assists in facilitating change for CSR

Senior staff, employees involved in the CSR and CER processes and some motivated individuals saw the CER as an important part of change for CSR citing a direct causal relationship between the information in the CER and sensemaking in favour of change for CSR. Key to this relationship was the inclusion in the CER of management endorsed policy of CSR. Both study organisations' CER were produced with reference to GRI and had therefore included statements from top management on the companies' CSR policies, direction and targets for CSR. These statements were considered to represent the company strategy for CSR and therefore acted as a call to action.

“Yes, it is because I think the concern is such a ... the breadth and the depth of the topic, so the topic in terms of your environmental footprint is an easy statement to make but there are so many significant components of it, as I mentioned. The work that we do in the field with the customer, is that dragged into it ... so the report is fantastic because it enables you to describe specifically what we're doing, so therefore what else are we not doing, or what else can we improve on? “

Middle Manager Tele1

Performance reporting in the CER was considered by many as a key part of driving change for CSR as the provision of information on previous performance and targets is acknowledged to be motivational [40, 43, 45, 49].

“Well, yeah understanding what that means, if things are going up, as we are very pictorial, so we get a better vibe or feeling. So we would have a graph going up rather than a graph going down even if that was just because the way things have been drawn!”

Middle Manager ICT2

“Yes, so I mean it might just be my mindset and my approach but this is why I think [CER] is important is that it gives you something to aim for. That's right, and without that you don't go back and review the environmental processes. They might be very successful and you might need to change them, even if it's counterintuitive to the financial targets”.

Middle Manager Sustainability ICT2

In addition, and as discussed further in Chapter 10, the information in the CER was actively used by individuals or ‘agents’ to encourage others to undertake change for CSR, indicating a direct relationship between the two in the sensemaking process.

9.2.6 CER in sensemaking process

Box 9.1 below summarises the place of CER in sensemaking that emerged from the research.

Box 9.1 – CER: empty rhetoric to be decoupled or call to action?

The sustainability teams recognized that, to achieve the committed CSR performance outcomes, leaders must convince staff to implement change for CSR. One potential mechanism for this to be achieved was use of CER policy statements and performance targets^[1]. The CER and associated information could be used as discourse to communicate the policies plans and targets^[2, 7]. There was, however, little evidence of this occurring for the report document itself; though information from the CER was being quite widely utilised.

To be a successful driver of the implementation of CSR across an organisation, the CER, or associated information, must:

- be known across the organisation;
- must be accepted as an endorsed management approach;
- be acted on rather than de-coupled due to competing financial imperatives.

The awareness of the CER document across the study of organisations was limited. However, the information associated with the CER, such as policy, targets and limited performance data, was available and known to 68% of staff. The conclusion, therefore, is that CER document had limited effect as a driver of CSR, however the CER information was a key an input to sensemaking.

In both sub cases, the policies for CSR contained in the CER were known to staff. There was a high level of acceptance that these represented the official company position on CSR and that the targets were expected to be met^[13, 21, 22]. The policy statements, however, received a high degree of scepticism and were dismissed as “marketing spin”, particularly in ICT2^[25]. Staff had seen many initiatives that were declared as policy and never achieved, yet with no consequences^[27]. Those motivated to implement pro-environmental behaviour, however, could act on the information and initiate culture and change processes where feasible^[28].

Interviewees reported that CSR targets were initially greeted with scepticism. However, even amongst those not interested in CSR, there was apparent acceptance that these were now serious, as this was ‘hard data’ that fitted into the established paradigm of being measured in numbers, usually financial^[30, 31]. The attitude overall was one of, “well, we said we will do it, so I guess we will need to do something or we will lose credibility”^[7].

The decision whether to decouple the financial and CSR messages was influenced by the CER information:

- If a person was aware of the CSR policies and targets and believed the rhetoric was genuine, then they took some form of action.
- De-coupling was a common outcome. Individuals acted on CER information in a limited fashion, that is, without creating impact on their day-to-day activity, based on the fact that it was endorsed company policy. This was simplest if action was limited to communication.
- If the CER was dismissed as ‘spin’, no action resulted.

The CER could be seen to reduce the propensity to de-couple or ignore CSR, as it reinforced the importance of action, and because it was “endorsed by management”^[14]. The resolved response was usually to undertake CSR within the business-case paradigm, for financial gain or risk reduction, or if it caused minimal impact on day-to-day activity.

The consequence of CER driving the production of the CSR policy, and increasing the emphasis on successful performance against targets at senior management level, can be considered as potentially significant to the sensemaking/ sensegiving process, as follows:

- The Senior Managers, as outlined earlier, were seen as being responsible for the production and ‘ownership’ of CER information, either in the form of the actual report or by ‘public’ commitments to policy and performance targets. The drive to perform, and to get their teams to perform, was therefore reinforced as senior leaders demonstrated the underlying and established belief that being seen to perform against your stated intention was important.
- Senior Managers perceived a need to produce performance data that was ‘robust’ for the CER. The companies were also moving away from project-based initiatives, partially driven by the focus on reporting. The auditability and credibility of the CER was a direct input into the Senior Managers’ sensemaking process in favour of action on CSR.
- The cost of CSR implementation also weighed heavily in the sensemaking process, so decoupling occurred with Senior Managers passing on financial and CSR messages to their staff separately.

Despite the lower awareness of the CER at middle management level, the CER content, policy and targets were being conveyed as company objectives^[7, 14]. However, Middle Managers were receiving strongly contradictory messages, to meet CER targets and to ensure profit^[3, 39]. Therefore, Middle Managers needed to resolve their position on CSR, based on their own sensemaking: either to try to pursue both goals whilst recognising the paradox; or to decouple the messages. CER content was, therefore, used either to ‘justify’ behaviour that was associated with a cost or simply conveyed in a symbolic manner associated with no action.

Middle Managers who thought the senior management’ discourse in the CER was not a driving imperative nevertheless used CER or CER content in communication to their staff, if they were predisposed by their pro-ecological attitude to act. These ‘official’ company messages were used to justify requests for behaviour change or information gathering:

“I don’t think [manager] does want me to enforce it. It’s a real mind set, it’s... Look and it’s probably not just from him, there’s a lot of managers who are really in that mind-set as well. If they can’t actually see it affecting the budget, you’re not being productive. So they give the [CSR] messages but without really meaning it. Part of making this work, this getting really clear KPIs and how we can show productivity, that hasn’t been affected”.

Middle Manager, ICT2

In general, the CER had little impact at Individual Contributor level, being largely unknown or seen as marketing that was not relevant to their day-to-day activity for profit:

“Yeah. So it seemed really proactive and forward looking, until the global financial crisis came through and then that stopped it and it was put in the back burner, because at the moment we’re on cost recovery, and in cost recovery most organisations are looking at cost containment and trying to identify how can they move back to where they were before. The messages are still there and the marketing, but no-one is expected to act on them”.

Middle Manager, ICT2

Those with a personal strong pro-environmental attitude did use the CER messages and targets to reinforce any activity they wished to undertake^[41, 45]. In ICT2, those who were involved in the CER process or working in a local Eco-Champion group did see the positive in ICT2’s CSR approach, as they could see that, by aiming to be a market leader in sustainability, and openly promoting this position, the organisation would have to live up to its rhetoric or risk exposure:

“Yeah, we have to [meet public targets]. You start measuring up, and then people start getting picked on, so you’ve got to work out how you’re going to measure it. Then you’ve got to do it, and if you’re going to measure it you may as well put on something to look after it, to make sure your scorings are good”.

Middle Manager, Marketing, ICT2

Endorsed management CSR policies from the CER, and the need to gather data, affected the sensemaking process if these activities were relevant to the individual’s day-to-day activity or they fitted with their own pro-ecological stance. The outcome of the sensemaking process of operations and sales staff, those in involved in sustainability, or who interacted with the CER process, was more likely to be that senior managers’ CSR messages carried weight, and so they would both communicate the CSR messages and act on them^[11, 18, 22].

Overall, most interviewees welcomed the CER information as an input to the sensemaking process.

9.2.7 Conclusions: Sensemaking

The effect of CER on the sensemaking process for CSR was to raise awareness of the CSR principles, introduce performance and targets to staff and, most significantly, to convey the official policy on CSR to the organisation. In addition, CER required the implementation of data gathering processes that, in themselves, raised awareness of CSR and created a focus on meeting CSR performance targets which in turn helped to embed change for CSR. As previously discussed, the reach of the CER was, however, limited by the fact that many processes were outsourced.

CER can, therefore, be considered as one of the artefacts in the sensemaking process in the study organisations. CER provides information on CSR which is placed in the framework of understanding, forming part of the sensemaking process for CSR, and therefore critical to change for CSR.

The findings demonstrate two aspects of the sensemaking concept: interpretation by the reader, and construct by the author. Interviewees review CSR information in the CER to make sense of CSR messages which have been included in the CER, through the sensegiving process by management. Overall, the results indicate that the companies' CER, which contained official endorsement of change for CSR, appeared to weight the sensemaking process in favour of interviewees taking action for CSR.

The results in the two study organisations illustrate that, to be effective as an input to the sensemaking/sensegiving process, which affects change for CSR, CER needs to exert an influence on the process primarily at Senior and Middle Manager levels. These leaders of the study organisations were expected to have the greatest potential effect on change for CSR.

The effectiveness of CER to enhance the sensemaking process in favour of CSR was seen most strongly at the Senior Manager level. Here, the awareness of CSR and of the CER was also greatest. The leaders had to sign off on CER policies and targets, and were being made accountable for their performance against the CER. A key outcome for change for CSR at this level was Senior Manager sensegiving for CSR. Management policy was effectively endorsed by being published in discourses such as the CER. This was an important input to the sensemaking process of other staff in the organisations. However, the outcome of the sensemaking process was often de-coupling, with Senior Managers passing on both the CSR and financially based messages to Middle Managers and then the staff, with no direction, leaving individuals to resolve the dichotomy.

At the Middle Manager level, the need to apply sensemaking to balance contradictory messages from leaders was apparent. This is key to embedding change for CSR, as Middle Managers were

responsible for driving local CSR initiatives for CSR. The emerging logic for CSR needed to be assessed in relation to the established logic of profit. Here, CER could have an effect, weighing the sensemaking process in favour of CSR through its endorsed management rhetoric and performance targets. However, this effect was, in part, dependant on the pro-ecological attitude of the individual manager and their assessment of the 'seriousness' of intent of the CSR policy from leaders. CER contained official policy statements that were used by motivated Middle Managers to justify change for CSR in their teams, most easily if the CSR initiative had an acceptable business case. However, if the CER is taken as purely marketing rhetoric, CSR messages are likely to be ineffective, as was the case in ICT2, where the internal messaging was filtered by the marketing department. In this case, or if the manager was more concerned with meeting company profit objectives, the CSR messages from the CER would become de-coupled and be passed on separately to their teams.

At the individual level, CER was seen to have limited effect due to poor awareness of the report and more limited influence of individual contributors on change for CSR. However, as will be seen in the later theme of agency, individuals who were motivated for CSR could utilise the CER in their pursuit of pro-ecological outcomes.

The scenario that produced change for CSR at all levels was when the CER policy for CSR and financial objectives aligned, allowing a pragmatic approach. The other significant response, seen in ICT2, to contradictory messages in the CER and financial initiatives, was to accept the paradox because all management programs were considered transitory, and therefore both objectives could be pursued or dropped at the appropriate time.

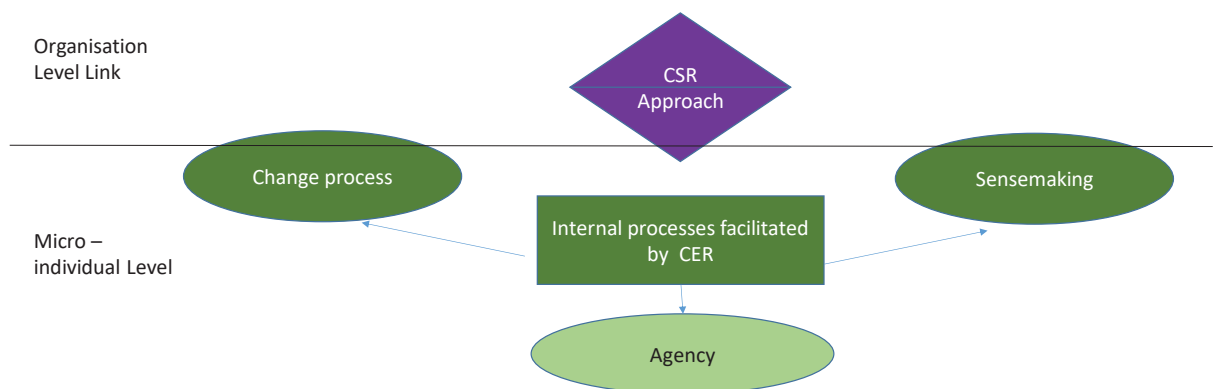
CHAPTER 10 – EMERGING THEME AGENTS, CSR AND CER

The chapter examines the concept of ‘agency’, which concerns actors who exert some effect on their environment (Dorado 2005; Scott 2001). This concept was an emerging theme from the empirical research for this thesis, as an early examination of the results revealed that individuals or ‘agents’ at all levels of the study organisations were having a significant effect on the introduction and embedding of CSR. It was also clear from the early analysis that CER was being utilised by some of these individuals to assist in promoting change for CSR. The chapter therefore forms part of the overall presentation of the case study results as shown in Figure 1.1.

A second literature review was, therefore, undertaken to understand the role of agents within the organisation. Three linked concepts are examined, which underlie the effect of agents in organisations for CSR: the role of change agents (Vissier & Crane 2010; Yavas, Karatas & Howells 2014); the effect of institutional entrepreneurs (Battilana, Leca & Boxenbaum 2009; Ruebottom 2013); and institutional work primarily by middle management (Battilana, Leca & Boxenbaum 2009; Perkmann & Spicer 2007; Sharma & Good 2013).

Research has shown that rhetoric and discourse are involved in the process of change undertaken by agents (Lawrence & Phillips 2004; Maguire, Hardy & Lawrence 2004; Zilber 2009). It follows that there is potential for CER to act as a communication vehicle for CSR information to be used by agents to assist the change process. By an abductive process, moving back and forth between empirical results on agents, agency and theory (Iivonen & Moisander 2015), the concept of agency, focussed on individuals as agents, was therefore added to the multi-level framework at the micro, or internal level as shown in Figure 10.1.

Figure 10.1 – Agency at Micro Level of Multi-level Framework



The question that will be examined using the concept of agency focusses on the individual's role as agent in embedding CSR into the study organisations. The research looks at how CER could assist the embedding process by acting as a vehicle to communicate company-endorsed messages on CSR, and so to justify action to introduce process change.

10.1 The Concept of Agency and Agents for CSR

In the implementation of CSR, the role of agency has been recognised by researchers to be influenced by the activities of agents (Sharma & Good 2013). The theory of agency is fundamental to the concept of organisational change, as it relates to the understanding of the role actors, that is individuals, play within organisations (Dacin, Goodstein & Scott 2002). Agents intentionally pursue interests and exert an effect on their social environment (Scott 2001), and by doing so interpret and shape the implementation of new systems (Zilber 2006). A definition of agency from Dorado (2005) based on the early work of Emirbayer and Misch (1998) is as follows:

“Agency refers both to the motivation and the creativity that drive actors to break away from scripted patterns of behaviour”.

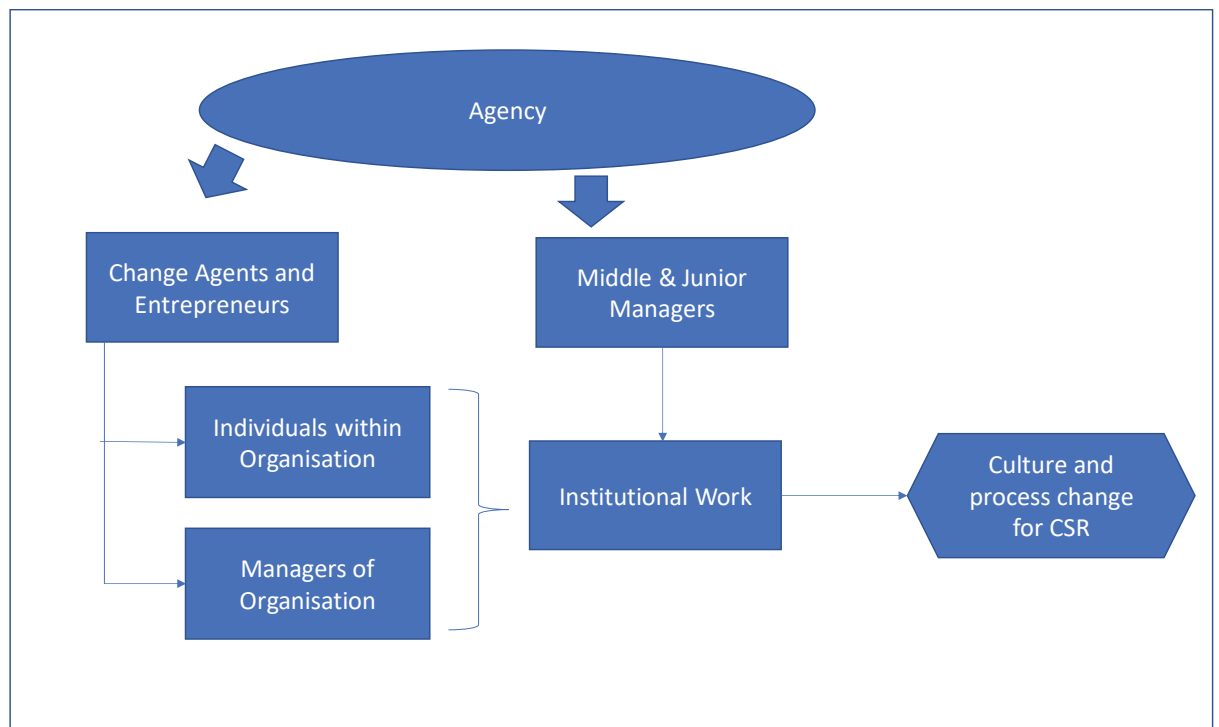
(Dorado 2005, p.388)

The concept of agency has become important for CSR (Ruebottom 2013). Change agents and institutional entrepreneurs are found at all levels of organisations, including leaders implementing strategic directed change, appoint change agents, or employees who help drive emergent change (Dover & Lawrence 2010; Pacheco et al. 2010). The role of leaders, in particular, has been seen to be significant in creating change for CSR (Lawrence, Leca & Zilber 2013). Middle managers (Sharma & Good 2013), and those directly involved in CSR management, have been found to be key to the implementation of CSR through translating differing organisational pressures and increasing the possibility of a positive response for CSR (Rothenberg 2007). The mainstream CSR literature also records that businesses engage in CSR based on the values of particular employees (Aguilera et al. 2007), indicating that actions of individuals can directly affect the CSR performance of their firm through their perception of the 'justice' of the firm's CSR.

Institutional work has been shown to be instrumental to successful embedding of change when companies implement CSR policies that are often very different to the normal, financially based strategies (Sharma & Good 2013). This perceived contradiction requires intentional and purposeful work by institutional actors, which has been demonstrated for example in a study on MNEs by Bondy, Moon & Matten (2012).

Figure 10.2 below illustrates how the concepts of agency have been applied to assist in the understanding of the embedding of change for CSR.

Figure 10.2 – Agency to Create Change for CSR



10.1.1 The Paradox of Embedded Agency

Organisations and individuals have been historically described as recipients of an organisation’s institutional norms and beliefs, and therefore were considered unable to act to disrupt the institution (Garud, Hardy & Maguire 2007; Holm 1995). As they derive their interests and identity from established institutional norms, individuals were considered unlikely to cause change (Battilana, Leca & Boxenbaum 2009). However, studies over recent decades into organisations have shown that the passivity of agents did not match with the corporate world, where both individuals and organisations were seen to drive innovation and change (Garud, Hardy & Maguire 2007), and to apply active resistance in response to some institutional pressures (Oliver 1991). The observation that individuals

could cause change from within established institutions is termed the “paradox of embedded agency” (Seo & Creed 2002 , p.223); and an explanation was needed on how an actor who is embedded in an organisation’s institutional structure could affect change to that organisation (Holm 1995).

To resolve the paradox, Seo and Creed (2002, p.240) proposed that agents who create change are individuals who are:

- 1) “driven by whose interests are not adequately served by the existing institutional arrangements and
- 2) directed toward a fundamental departure from the previous principles of organizing”.

These ideas allowed the re-introduction of agency to organisational and institutional studies, leading to it being a significant area of study (Suddaby 2010)

10.1.2 Change agents

Change agents can be leaders, managers or individual contributors (Caldwell 2003; van der Heijden, Cramer & Driessen 2012), specifically charged with managing change processes, for example professional CSR staff (Grandia 2015; Yavas, Karatas & Howells 2014). A representative definition of a change agent is that provided by Caldwell below:

“A change agent is an internal or external individual or team responsible for initiating, sponsoring, directing, managing or implementing a specific change initiative, project or complete change programme”.

Caldwell (2003, pp. 139–140)

The study of change agents as facilitators of change, in the extant literature, is becoming widespread, with their effectiveness becoming broadly accepted, in both planned and emergent change (Benn, Dunphy & Griffiths 2014; van der Heijden, Cramer & Driessen 2012). The role of change agents has been described as being to “envision, initiate, sponsor, adapt or carry forward change; build support, direct, manage, listen, reflect, co-operate, refine, lead, train or educate; or provide advice, expertise or process skills” (Grandia 2015, p.120). A commonly used term in industry for formal agents who act as entrepreneurs is ‘champions’ (Kotter 1996).

During emergent change, the role of change agents can vary throughout the change process. Early in the emergent change process, agents act to promote the change; later adopting an advisory role (Grandia 2015).

Caldwell (2003, p.140) recognised differing change agent models that operate in businesses:

- Leadership model – leaders envision, initiate or sponsor strategic change of a far-reaching or transformational nature;
- Management model - middle level managers and functional specialists adapt, carry forward or build support for strategic change within business units or key functions;
- Team model - teams operating at a strategic, operational, task or process level, including managers, functional specialists and employees at all levels.

Change agents can, therefore, be present across the hierarchy of organisations; however, some authors consider middle managers key to the change process, as they are a ‘linking pin’ between leadership and staff (Likert 1961). Roles for middle managers during change include personal change, assisting other staff through change, implementing change in their departments, and maintaining business as usual (Balogun 2003; Gatenby et al. 2014).

The role of change agents for facilitating change for CSR has been more recently recognised (van der Heijden et al., 2012, Grandia 2015). Hesselbarth and Schaltegger (2014) define a change agent for CSR as follows:

“A change agent for sustainability is an actor who deliberately tackles social and ecological problems with entrepreneurial means to put sustainability management into organisational practice and to contribute to a sustainable development of the economy and society”.

Hesselbarth & Schaltegger (2014, p.26)

The authors go on to note that change agents for CSR play a key role in embedding change, as they encourage CSR as a success factor for the business, integrate CSR performance into business processes, and implement CSR projects (Hesselbarth & Schaltegger 2014). Rothenberg (2007) also found that environmental managers were key to the implementation of CSR, by translating

institutional pressures and so increasing the likelihood of adoption. Agents' activity can be key to embedding change for CSR, as it is typically a progressive process of small planned and unpredictable steps (van der Heijden, Cramer & Driessen 2012) which benefits from the management of change agents.

The role of change agents for CSR reflects that reported for agents in the broader organisational literature, as it includes multiple roles, such as sustainability expert, facilitator, catalyst, and activist (Vissier & Crane 2010). Personal attitudes of change agents for CSR are considered important. The actions of motivated individuals increase the chance of CSR becoming embedded, as research has shown that personal values and assumptions become a group's shared values and assumptions, particularly if they are held to be thought leaders (Schein 2010). The presence of motivated CSR professionals is becoming more evident, through training such as practitioner workshops and seminars, specialized auditor training for awarding certifications (Matten & Moon 2005), and specialist university programs dedicated to CSR (Lozano, Ceulemans & Scarff Seatter 2015).

10.1.3 Institutional Entrepreneurs

The accepted concept of agents acting as institutional entrepreneurs involves individuals or organisations who set out to change their environment, and so cause the endogenous transformation of institutional environments (DiMaggio 1988; Fligstein 1997; Greenwood, Hinings & Whetten 2014). Drawing on the work of previous authors, Battilana, Leca & Boxenbaum (2009) define institutional entrepreneurs as follows:

“Institutional entrepreneurs are actors who leverage resources to create new or transform existing institutions”.

Battilana, Leca et al. (2009, p.68)

Entrepreneurs' actions are intentional and designed to change the institutions in which they are embedded (Dacin, Goodstein & Scott 2002), and usually drive change in the pursuance of self-interest (Greenwood & Suddaby 2006; Levy, Brown & de Jong 2010; Pacheco et al. 2010). The process involves challenging the “institutional logics” (Bjerregaard & Jonasson 2015, p.1509) that have emerged (Bjerregaard & Jonasson 2015; Jarzabkowski, Lê & Feldman 2012; Zilber 2011). It has been widely observed that, even as institutional entrepreneurs attempt to create change, they need to secure

legitimacy (Garud, Hardy & Maguire 2007) and “emphasize how those innovations comply with the established institutional frames” (Déjean, Gond & Leca 2004, p.745) in the wider society (Levy, Brown & de Jong 2010). Research shows that the background, experience, and social awareness of individuals can influence whether they will engage in acts of institutional entrepreneurship (Dorado 2005). For example, a leader from an organisation that has implemented a particular practice, such as CSR, will be more likely to implement that practice in his or her new organisation (Kraatz & Moore 2002; Pacheco et al. 2010).

Institutional entrepreneurship is viewed as a political process (Fligstein 1997; Garud, Hardy & Maguire 2007; Seo & Creed 2002). Institutional entrepreneurs are seen to require cultural skills, and networking, bargaining and interest mediation are all important, allowing entrepreneurs to frame issues by referencing broader values and creating common identities (Garud, Hardy & Maguire 2007).

The theory of institutional entrepreneurship is widely used in CSR to explain the adoption of new policies that require considerable change from the traditional approaches, in particular in profit-driven organisations (Ruebottom 2013). To promote CSR, individuals must break with existing rules and practices, usually associated with financial performance and work, to institutionalise the alternative CSR (Aguilera et al. 2007).

10.1.4 Institutional Work

Recent literature has looked more closely at the activities of individuals within firms in terms of ‘institutional work’, which relies on the concept of agency (Dover & Lawrence 2010), and the work of individuals as agents. The definition of institutional work is as follows:

“The purposive action of individuals and organizations aimed at creating, maintaining and disrupting institutions”.

Lawrence and Suddaby (2006, p.215)

Institutional work is a day-to-day activity that encompasses the practices and strategies through which individuals and organisations intentionally shape the institutional arrangements within which they operate (DiMaggio 1988; Dover & Lawrence 2010; Lawrence, Leca & Zilber 2013). Most organisations contain contradictions and coexisting logics (Bjerregaard & Jonasson 2015), and it is these logics, as well as the political tensions, fragmentation and instability they create, that can be

addressed by institutional work (Lawrence, Leca & Zilber 2013; Pacche & Santos 2010; Yu 2013). Considerable effort is required to create, maintain, and disrupt organisations, as well as manage the complex relationships (Jarzabkowski, Lê & Feldman 2012). Agents, therefore, need to undertake institutional work in order to balance and manage complex social and psychological tensions (Dover & Lawrence 2010).

Researchers have identified categories of institutional work (Bjerregaard & Jonasson 2015; Lawrence & Suddaby 2006; Seo & Creed 2002). These include:

- compliance (enabling, policing and deterring work);
- reproduction (mythologizing, embedding and routinizing);
- concealing or repairing the contradictions that otherwise tend to generate ongoing tensions in and transformations of institutions.

Institutional work is demanding on agents, as it requires “intelligent, situated” action (Lawrence & Suddaby, 2006, p. 219), where agents tailor strategies to the specific contexts in which they operate. Agents must manage complexity, as they will be required to cope with ambiguity, manipulation and inconsistency raised by others (Bjerregaard & Jonasson 2015), and to negotiate across internal boundaries (Helfen & Sydow 2013). Agents undertaking successful institutional work have, therefore, been described as culturally competent actors able to “creatively leverage the sets of institutional rules and resources” (Dover & Lawrence 2010, p.309), and to communicate company strategy (Fredriksson & Pallas 2014). Internally to organisations, and in common with sensemaking, institutional work is seen as being undertaken primarily by middle managers (Sharma & Good 2013).

The action of agents undertaking institutional work is considered in the extant literature to be significant for the uptake of CSR (Ruebottom 2013; Sharma & Good 2013). Multiple logics that need to be addressed by institutional work are usually present in organisations implementing and managing CSR, primarily the potential contradiction between the costs of CSR and the institutionalised profit incentive (Wickert, Scherer & Spence 2016).

The key papers which explain the role of agents in assisting to embed change for CSR are detailed in Table 10.1 below.

Table 10.1 - Key Papers for the Role of Agents in CSR

Subject	Relevance for change for CSR	Key References
Ability to envisage new institutional structures	Required to initiate change for CSR	Battilana, Leca and Boxehaume (2009); Maguire, Hardy and Lawrence (2004)
Intentional action to cause change and disrupt institutions	Essential for initial implementation and embedding of CSR	DiMaggio (1988); Dover and Lawrence (2010)
Challenge and balance institutional logics and contradictions	In for-profit companies, CSR does not fit with traditional paradigm of financial performance, so a new logic needs to be created	Battilana, Leca and Boxehaume (2009); Bjerregaard and Jonasson (2015); Ruebottom (2013)
Social skills to manage political and personal agenda	Essential to culture change and process of CSR	Garud, Hardy and Maguire (2007)
CSR professionals as change agents	Facilitators of change for CSR	Yavas, Karatas Oskan et al. 2014
Characteristics of CSR change agents	Skills and motivation need to embed change for CSR	Vissier and Crane (2010)
Role of change agents for CSR	Environment managers as change agents in teams assist sustainability Sensemaking required, as change agents assist small steps of emergent change	Grandia (2015) van der Heijden, Driessen and Cramer (2010)
Maintain institutional processes and create repairs	May block change to CSR as most corporates have institutionalised financial systems	Lawrence and Suddaby (2006); Bjerregaard and Jonasson (2015)
Balance institutional contradictions and logics	CSR needs to be implemented in the framework of the corporation	Dover and Lawrence (2010); Bjerregaard and Jonasson (2015)
Communication	Policy, performance dissemination, of which CER can be one form	Fredriksson and Olsson (2014)

10.1.5 The role of CER for Agents

CER as a communication vehicle for CSR could have a role in embedding change for CSR, based on the concepts of agency and the role of individuals as agents. The use of language has been recognised as being a mechanism by which agents manipulate meaning and create endogenous change (Green & Li 2011; Maguire, Hardy & Lawrence 2004; Phillips, Lawrence & Hardy 2004; Zilber 2006), and for the embedding of new activities, through discursive strategies (Helfen & Sydow 2013). Discourse (Lawrence & Phillips 2004); and, specifically, stories have been found to be pervasive in the efforts of institutional entrepreneurs to better their positions creating change (Pacheco et al. 2010; Zilber 2006). Narrative, and a shared language for reflection and action, are also emerging as factors in institutional work (Dover & Lawrence 2010; Lawrence & Suddaby 2006), required to balance the institutional logics (Ocasio, Loewenstein & Nigam 2015). Communication is considered a form of institutional work in itself that is intentionally used to create change (Fredriksson & Olsson 2014).

To be effective, change agents and entrepreneurs need to bring influencing elements together (Garud, Hardy & Maguire 2007). Agents for change for CSR will, therefore, require arguments from society, stakeholders and leaders of the company, to create influence across organisations and so assist the change process for CSR (Yavas, Karatas & Howells 2014); many of which are contained in the CER. These could include:

- knowledge of external forces for CSR institutionalisation, including, for example, stakeholder pressure, peer group normative behaviour, and mimetic behaviours of their industry sector;
- standards, protocols, regulations and laws regarding the implementation of CSR and CER;
- company policy information that endorses the pursuit of CSR;
- processes to affect change for CSR, including those needed to implement a CER.

Recently, CER, in the form of IR, has been researched as an explicit tool to drive change where the business strategy is revisited in light of negotiating the best integrated story for corporate sustainability (Frostenson, Helin & Sandstrom 2012; Stubbs & Higgins 2014). CER, therefore, has the potential to act as a tool for change agents or managers who are charged with bringing about change for CSR. However, there is a note of caution when considering the effectiveness of IR, as although reporting managers are agents charged with selecting appropriate reporting approaches, they do not necessarily have influence over the company's CEO's view of the CSR strategy (Higgins, Stubbs & Love 2014).

Finally, the information in the CER, by providing information on company CSR policy, could play a role in institutional work, by influencing the day-to-day activity of staff who need to manage

organisational contradictions by balancing the coexisting institutional logics (Bjerregaard & Jonasson 2015) of CSR policies and financially based strategies. (Sharma & Good 2013).

10.1.6 Implications for Agency Theory for this Study

The action of agents has been shown in this section to be important to embedding change for CSR. Change agents, often sustainability professionals, and institutional entrepreneurs have been shown by the published research to drive change for CSR within organisations. Institutional work is a critical part of the implementation process for CSR, with individuals working to both disrupt the institutionalised paradigm of financial gain and to introduce attitude and process change for CSR.

The role of CER to facilitate the work of agents in embedding change for CSR is a subject of only limited recent research. However, from the research into agency and CSR, and that studying CER to date, there is clearly a potential role for CER to assist agents for CSR. As the discourse produced by the organisation, which describes its position on CSR, it can potentially act as:

- the source of information on CSR policy for agents and managers undertaking institutional work;
- a tool to be used by agents to assist in embedding change for CSR;
- a discourse to assist agents by clarifying of goals as well as describing “the path to the goal” and the “strategy of action” (Adams & McNicholas 2007 , p.386).

This evident role of agents that emerged from the empirical research in the present thesis will be further analysed in the following section to address the following question:

How can CER act as a tool to assist agents in undertaking change or institutional work for CSR?

10.2 Results: Role of Agents

10.2.3 Internal Change Agents, CSR and CER

A key feature of the interviews was comments related to the strong influence of internal change agents and institutional entrepreneurs. The institutional entrepreneurs were individuals who had a personal interest in pro-ecological behaviour and had brought this passion to the workplace. Change agents were appointed as part of the sustainability team or as Eco-Champions; however, some of these staff could also be seen as entrepreneurs, in particular the Sustainability Team Leads, who had driven significant change for CSR within their respective organisations. The role of the company leaders, although not a focus of this thesis, was also representative of the influence that an individual can have on change for CSR, as discussed briefly below. The effectiveness of agents and entrepreneurs varied largely based on the individual's position in the organisation and their ability to create change or influence their management.

10.2.3.1 The CEO Effect

The interview process revealed the considerable influence of the CEOs on the development and implementation of CSR within the organisations. Leadership was not a focus of this thesis, so the data is limited and should be the subject of further research; however, leadership was seen as a primary influence of the adoption of CSR and therefore the role CER could play in facilitating change:

“It’s pretty scary because I think what he’s got is a culture of ... it’s classic CEO disease in Tele1. So, there’s one voice, I should because you actually need to counsel. CEO does counselling but the CEO needs to be counselled as well if you’re a really good CEO. You do, and unfortunately I think we’ve got CEO disease in Tele1”.

Sustainability Middle Manager, Tele1

The change in CEO at Tele1 was resulting in a change in stance on CSR policy. The new CEO was reported as having a stronger customer focus, one of the outcomes of which was that the Tele1 CEO was perceived as having a positive attitude to CSR. This did raise concern amongst the sustainability team about the vulnerability of the CSR programs to leadership position^[7]. The previous CEO had not been pro-environmental, adopting a minimalist approach; and it was thought that if the current CEO changed stance then initiatives could be dropped.

ICT2's CEO was seen as a traditionalist with a strong focus on profit and an autocratic style. It was clear that all directives from the CEO were expected to be adhered to:

“There is no doubt there is top down change where the senior guy yells it down the organisation. Yeah it comes down from the top it is as given. It would have to be catastrophic to change any directive. Its implementation or just in the sense if we started doing this, it would be catastrophic to this implementation or this client or something. It would need to be, “This is going to cost you money it is bad”.

Junior Manager, ICT2

Despite there being no formal CEO statement for a CER locally in ICT2, the CEO had ‘put his name’ to published policy statements and commitments on pro-environmental performance, which was a significant factor for organisational change for CSR.

10.2.3.2 Importance of Sustainability Team as Change Agents

The Sustainability Team Leads were highly motivated and active individuals seen as driving the CSR agenda in the case study. The team leads were entrepreneurial and passionate about their role^[20, 29]. They were clearly having an influence on their company's behaviour: acting as a source of knowledge and the ‘go to’ person for staff, as well as promoting the awareness of the environment within the organisation^[11, 43]:

“Unfortunately, because [Sustainability Team Lead] is a ridiculously phenomenal resource I was a bit lazy and would rely on him. The strategy team is one group that he works with, really driving the environmental stuff, and I am aware that he works hard to get into all areas of Tele1, which can be hard given the opposition sometimes”

Senior Manager, HR. Tele1

Overall 70% of interviewees mentioned the two Sustainability Team Leads as key to changing their company's attitude to CSR and driving action.

In ICT2, the lead was since to have been responsible for convincing the CEO to take up CSR as a market initiative, although assisted by the parent company stance on the issue:

I can see internally there is a want to do it - to use a bit of a haggard word [Sustainability Team Manager] is a champion. I think she has influenced others to management to take some action. She really drives the organisation forward and has been influential in that position. She has pushed the policy and targets, and without her I don't think we would be where we are with her".

Middle Manager, ICT2

The difference between ICT2 and Tele1 was that Tele1 had a longer-term stance on CSR and had established team and lead role when the sustainability manager was appointed. Based on personal conviction, the Sustainability Team Lead was prepared build on this by challenging established culture and processes in order to get CSR policies more fully embedded^[4]. In ICT2, despite the parent company position of market leadership in CSR, the policies and performance targets had been created largely as a result of the Sustainability Team Lead's activism^[7]. The Sustainability Team Lead had just been appointed to the global role as a result of outstanding performance:

"[Sustainability Team Lead] started it here, then it's also emerged a lot of leaders within the ICT2 company worldwide not just Japan. I think it's been driven out of Japan, and I think as a company we've embraced it pretty hard, and the fact that [Sustainability Team Lead] is now the world focus for ICT2, I think that's the reason we've embraced it pretty well".

Senior Manager, ICT2

The role of the sustainability teams in supplying information on CSR, much of it derived from the CER data, was seen as important by many interviewees^[6, 13, 27]. A number commented that they had gone directly to the managers of the sustainability team for information on policy and performance, and that they were seen to be critical to the information being distributed^[14, 31, 40].

Senior managers and those directly involved in the environmental reporting had a greater tendency to rely on information communicated to them personally by the sustainability team:

"I probably know them, closer to them than a lot of other people, in that I was involved... I think our involvement started when we were looking at rolling out EMS to – that was probably 18 months ago or so. So, I got involved then with AT working on

that project. I also have quite a close tie with CS; we have a monthly catch up on what's happening facilities-wise and what they're doing".

Facilities Manager, ICT2

The sustainability team in ICT2 had also run forums for the KLT on sustainability, which had focussed on policy and action/ targets for the organisation^[46]. The information presented had been prepared by an external consultant. It was designed to reinforce ICT2's aim of being a leader in the organisation field, and meeting its commitment to the parent company^[1]. This was cited as a key information source by all key leaders interviewed in ICT2^[29].

The CER, and information created for the CER, was used by the sustainability team quite widely to communicate the company CSR message and to drive the creation of processes for CSR^[7, 18, 19, 26].

10.2.3.3 Eco-Champions and Individual Entrepreneurs

Other entrepreneurs who were located across the organisations had an effect on their own work areas, often as part of Eco-Champion networks^[18, 45]. These individuals had a personal motivation for pro-ecological behaviour and a strong belief that this should be adopted in the workplace^[41]. Individuals acting as agents were found in various departments at the middle and junior manager, and staff levels. The personal motivation of this group was inspiring them to push for change for CSR, at least within their own departments^[13, 16]. Some who had joined the Eco-Champion groups had driven early CSR programs such as waste reduction^[28, 41]. All were active in lobbying their management and colleagues to behave in a more environmentally fashion^[26, 35]:

"Well, there's a layer, there's a champion layer that's been tasked. And some are more senior and some are junior, right. But they've chosen a good cross section of volunteers who are keen on the environmental stuff. And then they make substantial change in that putting – getting it to happen which they help with".

Individual Contributor, ICT2

The most successful entrepreneurs were those who could make change in their area due to a sympathetic one-up manager^[8, 22]. A leading example of this was the entrepreneurs within facilities and HSE operations. These individuals had made process changes where they were able, and requested assistance from their managers to promote this across other areas.

Even Eco-champions who had no support from their immediate manager had managed to raise awareness of CSR amongst colleagues, so their effect on organisational culture appeared to be

significant^[12, 13]. The effect was reinforced by the message from these institutional entrepreneurs being perceived as 'genuine', as no company spin or marketing was involved. These individuals undertook their actions from their own motivation, with no expectation of reward: all their activity was voluntary:

“Well I’m going to use my ethics or principles in the office in the way I do things I do. When you drive things from up above that way you tend to touch everybody but not everyone is convinced. Whereas bottom up it’s really the people like me that are going to go seeking things. And so we’re more visible in the community - such as I now choose to walk to work, I now choose to -... So, those sorts of things that do have an impact at work, those sorts of positive things”.

Middle Manager, Tele1

The Eco-Champion groups contained a mixture of staff and junior managers who, as per the dominant change approach of the study cases, lacked authority or empowerment to make organisational change. Their ability to engender change was again dependant on more senior department managers^[7, 26]. Even the most enthusiastic individuals were unable to make change beyond their own areas. The success of individuals as entrepreneurs for CSR was, therefore, being limited by the siloed nature of both companies, meaning that the Eco-champion network had a mixed level of success in terms of acting as change agents:

“That’s a difficult one, because Tele1’s not in a great financial situation at the moment, so whether if you were in a -... if you were a subordinate needing to make a decision but then it really affected your bottom line and your manager said this is the bottom line, it might not be the best solution for the environment but it’s that or your job, or people’s jobs, then -... There becomes a point where the balance doesn’t work and your manager just says no”.

Junior Manager, Tele1

Early success of the Eco-Champion networks was reported in both companies. Unfortunately, this was consistently followed by a drop off in enthusiasm, as the opportunity to make an effective change dropped once initial projects were completed^[35, 41].

10.2.3.4 *Role of CER for Agents*

As the interview data showed the presence of change agents and institutional entrepreneurs across the management hierarchy who were having a tangible effect on the implementation of CSR, the data was reviewed to ascertain whether CER could assist the work of these individuals.

CER was found to play a role for agents as a tool to reinforce their pro-environmental messages or justify change for CSR. CER-derived company policy statements and performance targets were used as verification of the endorsed CSR position^[19, 26, 28, 39], which agents could use to encourage other staff to act^[7]:

“The report I was given by [Sustainability team] was useful, yes, it is because I think the concern is such - the breadth and the depth of the topic, so the topic in terms of your environmental footprint is an easy statement to make, but there are so many significant components of it, as I mentioned. The work that we do in the field with the customer, is that dragged into it ... so the report is fantastic because it enables you to describe specifically what we're doing, so therefore what else are we not doing, or what else can we improve on?”

Eco Champion, Tele1

Box 10.1 below summaries how CER was seen to assist agents in embedding change for CSR.

Box 10.1 – CER as tool for Agents

At the senior level, the CER was a key tool for the Sustainability Team Leads in both organisations to put pressure on the CEOs and Senior Managers to improve their environmental performance in line with their commitments in the report. In Tele1, CER was being used to pressure on CEO about his public image, as the published data would have a direct effect on his legitimacy in public statements:

“Yeah. So, if [CEO]’s off on an issue, we’re stuffed. On the plus side of that though, we used building the CER with two consultancies, possibly three, who have approached us sort of separately, triangulated us, and have said, “You’ve got to make ... [CEO], you made this announcement in the market, you’ve got to deliver on it now and we’re concerned you’re not going to be able to deliver on it.” Sustainability Team Lead, Tele1

At all management levels, the performance targets were used by agents to justify the introduction of processes to monitor performance. The presence of a leadership-endorsed target appeared to overcome managers’ objections to introducing incremental process change, despite there being a tangible cost in staff time. The performance targets from the report were also used through the Eco-Champion network, and there was an awareness that the results of environmental projects would be published in the CER.

The influence of the CER, and related local CSR statements, was particularly strong in ICT2, where the need to produce policy, report on performance, and be seen to deliver, was assisting the Sustainability Team Lead with embedding internal change for CSR. The need to report to Japan and the very public stance by the CEO on CSR allowed the team lead to put in place prominent targets, which were promoted internally to help change the culture.

The messages of CER were a significant source of policy and targets^[9, 10] for agents at the middle management and staff levels. The fact that the senior managers and CEO had endorsed the CSR policy direction, and the aim of improving CSR against measurable criteria, were used by agents to justify their own activity on CSR and to push their one-up managers to take action, or at a minimum sanction the pro-environmental action they were proposing^[16]:

“I think the first thing is the strength of the mandate, I mean everyone needs to understand that, given the way we are operating, that we have got (CEO) on board. He really is really good, which is a huge difference, so you have put in the face of it that [CEO] wants this to happen. Financially, the ELT are pretty good as well, but the further way you get from the CEO it gets confused a little bit”. Middle Manager, Sustainability Team ICT2

10.2.4 Institutional Work, CSR and CER

Based on the literature review, which showed that institutional work for CSR is carried out primarily at middle management level, the following analysis therefore draws on the content on interviewees with Middle and Junior Managers. As some Middle Managers and Junior Managers were empowered to introduce change within their own areas, it was possible to examine whether they were able to, or had, introduced change in their own teams, or even across teams for CSR. The research aimed to establish whether CER had influenced or assisted these managers to undertake action for CSR and was therefore beneficial in embedding change for CSR within the study organisations. The interviews included specific questions that asked whether anything the interviewee had read in the CER, or seen reported from the CER, had influenced their behaviour or assisted them to make change for CSR.

10.2.4.1 Empowerment of Middle and Junior Managers

Middle managers are key to the CSR change process, as it here that policy needs to be translated into action. Drawing on the earlier discussion which examined the change models of the sub cases, the results were examined to determine if Middle Managers were able to undertake institutional work for CSR, and therefore whether CER could play a role in assisting that work. The key criteria that were seen to enable Middle Managers to embed change for CSR are as follows:

- Pro-ecological attitude:

The attitude to CSR of Middle and Junior managers was shown to be positive in the study organisations. This would imply that they would be more likely to drive change for CSR. However, the results in both study organisations also revealed that many managers below senior management level did not acknowledge their company's policy on CSR to be a significant driver of their behaviour^[3, 13, 16, 27].

- Empowered to initiate change:

Middle Managers within the study organisations could initiate change in their own departments, although this was often dependant on the attitude of their line manager. Middle and Junior Managers could make change in their own areas; however, change outside their department could only be achieved with the support of senior management. This pattern was more prominent in Tele1, apparently due to its residual public service culture ^[20]. In ICT2, the empowerment of middle managers to make change and be supported in their initiatives was dependant on the specific Department Head rather than on overall culture^[42].

- Prepared to action change for CSR:

Evidence from the interviews was that the majority of Middle Managers were not taking action for CSR, unless sanctioned by their direct managers in the form of a business case^[13, 16], a direct request for information^[6, 8, 35], or an operational need, e.g. HSE^[7, 39]. The exception to this was individuals who were pre-disposed to act in a pro-environmental manner^[22, 41].

10.2.4.2 *Implication of CSR Change Approach for Institutional Work*

Implementation of CSR in the study organisations was not observed to be part of a fully coordinated plan or process^[7, 26]. As outlined previously, the implications of this slightly confused approach was that the effort of staff below the senior management level, especially Middle Managers, was pivotal to any successful change for CSR. Embedding of change for CSR at this level required a significant level of institutional work from managers, to:

- Apply sensemaking to interpret dichotomous messages from senior management on CSR and profit;
- Communicate the CSR message to their teams;
- Put in place CSR processes;
- Introduce processes to respond to requests for performance monitoring of CSR criteria.

In addition, a number of Middle Managers recognised the financial cost of this activity to primarily be the use of their staff's time^[8, 27, 42].

Middle and Junior Managers in the study organisations would appear to be confused about their company's approach to change for CSR. This was due partly to the periodic initiatives for CSR that would then be dropped^[4, 16]. This spasmodic activity led to a complex environment for CSR, as it combined with an ongoing CSR policy that Middle Managers were under no pressure to adhere to^[6, 49] and only periodic requests for performance data^[23, 42]. As a result, the incentive to undertake institutional work for CSR as part of day-to-day business was largely missing:

“Yes, definitely there is a [CSR] policy, it was there and that things were being done, and it would come through. There would be little bits that would come through every now and then that would be highlighted. Specifics, no, and action not really”.

Middle Manager, Tele1

Despite that fact that Senior Managers had put in place CSR policy and passed on targets in many departments, there was an absence of detail given to other managers as to how this was to be implemented^[5, 26]. Senior Managers appeared to have put in place policy and targets without entirely knowing how these were to be achieved, therefore assuming that this was the responsibility of lower level managers:

“We have been given the [environmental] policy and it’s on the website and everything. That is, from an operational point of view, and I am not really sure where they are at. I mean, I am working in the asset space that is the financial aspects of all their lifecycle and interfaces, but there is no place within the tools that I know of which measures environmental impact it or understands it”.

Middle Manager, ICT2

The amount of work for CSR that Middle and Junior Managers undertook, or the CSR messages they passed on to their teams, depended on the individuals’ personal stance and their perception of the company’s commitment to CSR and the resultant outcome of the sensemaking process. Those with a positive attitude to CSR, or who had been influenced by CER information, would endorse the company CSR policy and pass on positive messages to their staff, whether or not they believed the company was truly committed to the policy^[3, 16, 39, 45]. Others did see a genuine commitment to CSR by their organisation and therefore passed on the messages. Amongst staff who had no pro-ecological bias, there was ‘tokenism’: that is, the CSR message would be passed on but without any commitment or endorsement, and therefore undertaking no effective institutional work^[8, 27]. There was also a significant number of individuals who actively blocked the CSR message, as it was considered a distraction from the day-to-day business, and therefore they were not willing to involve their team^[3, 16].

10.2.4.3 -Sustainability Team Complete Institutional Work

Overall, the two sustainability teams, acting as change agents, undertook the bulk of the institutional work for CSR. They directed the networks of Eco-Champions, and worked with heads of departments and individuals who were in a position to collect data or change processes to put in place new activities^[4, 7]. The sustainability team were driving process change in order to implement policy, gather data and assist in projects directed at CSR improvement^[4, 7].

There were blocks to the sustainability team’s work, as they did not have the power to override heads of department or even Middle Managers; thus, much institutional work was done through goodwill and use of the policy to persuade managers to cooperate.

10.2.4.4 *Role for CER assisting Institutional Work for CSR*

CER had the potential to facilitate institutional work for CSR by: strengthening the management message; increasing employee understanding of CSR; and driving a need for process change to collect or improve data to be provided for performance monitoring. CER was acting as a tool for motivated managers and individuals to assist in embedding change for CSR, because the official policy and stance in the report was endorsed by leadership and so justified the action they were motivated to take. Box 10.2 below summarises this role.

A key area of conflict that limited the effect of CER was that the Middle Managers were not given the authority or budget to enact the CSR message. With the exception of specific areas such as the data centre and, in ICT2, a limited sustainability team budget for workshops, there had been no specific budget allocation for CSR programs^[4, 7]. This, combined with an ongoing emphasis on profit, meant that many Middle Managers remained disinclined to take action for CSR^[6, 8]. Adding to this position was that many did not see how the policies could be applied to their areas^[3, 13, 40]. This meant that the effectiveness of CER was patchy, reflecting the overall implementation approach for CSR.

Box 10.2 – CER to facilitate Institutional Work

The CER was acting to encourage and assist Middle and Junior managers to undertake institutional work for CSR. There were two areas in which the report was effective: providing guidance and a framework for managers on the change action they could take for CSR; and giving staff confidence that action for CSR was supported by Senior Managers.

The CER provided guidance on how to act for CSR, for example emphasising the target areas for performance^[3] and the key messages to be communicated to staff^[6]. Pro-environmental work was facilitated, as the CER provided parameters such as policies, targets and indicators, to guide what was expected. This framework was used both to formulate communication for change and target activity towards performance improvement:

“That’s right, the [CER] gives a base to work with, and without that you don’t go back and review the business processes. They might be very successful and you might need to change them, but if ... it’s counterintuitive to your manager it’s still hard, but the report could help that, yes”.

Junior Manager, Tele1

The companies’ rhetoric around their approach for CSR written in the CER policy and statements was a significant factor in the level of institutional work that Middle and Junior managers were prepared to undertake. In a hierarchical organization, senior management’s CER rhetoric gave the reassurance that pro-environmental action was in line with company policy:

“Yes. I am going to be inspired to do this and aspire to that as it comes from [CEO]. When it comes down to the nitty gritty and doing something about it, I have something to go on, so I am not seen as just some greenie, this really is what ICT2 is doing as an organisation”.

Middle Manager, ICT2

The disciplines of the CER were seen, in some areas, as having a direct effect on behaviour^[11-14].

Managers cited policies and performance targets as key drivers for their activity, and were undertaking substantial institutional work to affect change in areas they could affect such as reducing energy use:

“Pretty much all facilities are involved to meet targets which are part of the report to Japan. So, rolling out of recycling programs, saving energy and recycling. We try and incorporate [pro-environmental features] now into our fit-outs where we can. We’ve looked for a high green star rating building; and we are working with all sorts of suppliers to get data to report back”.

Middle Manager, ICT2

CER was observed to be acting as a tool for the sustainability team to assist them in undertaking institutional work for CSR^[7, 23]. The sustainability team was responsible for all the internal messaging on CSR, even those that were sent out under Senior Managers’ signature, and for managing the delivery of performance targets^[15, 26]: Policies in the CER, and general information about what pro-environmental work their organisation was undertaking, were used as the basis of communication to teams, both written and in team meetings. Performance targets, process frameworks for data gathering, and specific guidelines for collecting and measuring data, were employed by the teams as a basis on which to create processes.

10.3 Conclusions: Agents

This chapter reviewed the importance of the individual, as an agent, to the implementation of CSR, and how CER can assist agents in embedding change for CSR. CER was found to have a role in influencing these individuals directly, or as a tool to assist agents to instigate change for CSR or justify their own pro-environmental action.

An individual's propensity to embrace change for CSR is seen to be a combination of their personal attitude and what they believe their organisation requires. Undertaking change for CSR was therefore contingent on a number of influences for CSR, including the individuals' perception of the messages in the CER regarding their company's stance on CSR. The most significant influences outside of the CER, for the study group below senior management, appeared to be:

- direct communication from the sustainability teams and one-up managers on CSR;
- their workplace environment, including local environment programs and the presence of Eco-Champions.

An individual's motivation for pro-environmental behaviour was also important for the institutional work undertaken for CSR. Middle and Junior Managers motivated for CSR, or whose manager was in favour, were acting to introduce change for CSR or processes for CER. However, there was limited evidence of significant institutional work at staff level outside of the sustainability team, entrepreneurs and Eco-Champions.

Important to the implementation of CSR in the organisations was the presence of highly motivated and vocal change agents and institutional entrepreneurs. These included the sustainability team and individuals from various departments, some acting as Eco-Champions, all of whom were driving incremental change for CSR.

The Sustainability Team Leads in both organisations were strong advocates for CSR behaviour change. These managers indicated that they were using the CER as a tool to put pressure on their CEOs to improve CSR performance. In Tele1, this was primarily achieved by putting pressure on Senior Managers that was based on the perceived 'fear' of failure to meet targets published in the CER⁴ which might result in adverse media or stakeholder reaction.

In ICT2, the Sustainability Team Lead was the primary force for CSR in the company, and had used the pressure from the Japanese parent for statements on and performance in the international CER to assist in creating local CSR policies and performance monitoring. In addition, the CEO had made very public statements about the market leadership in CSR, which would, in the long term, be

expected to drive internal performance; although at the time, profit drivers appeared to be an impediment to internal change for CSR.

The CER targets (published or recorded for Head Office) were being used as a tool to encourage Middle and Junior Managers to take up CSR processes, by the sustainability team members and individual agents. The primary influence on these managers of CER was that the report contained the 'endorsed' senior management discourse on CSR. The report, or the information distributed from it, contained CSR policy and performance targets, which were effectively directives from senior management.

CER, and the endorsed senior management rhetoric and directives in the report, were seen to facilitate the embedding of change for CSR as follows:

- the sensemaking process was more likely to be weighed in favour of CSR, encouraging managers to undertake institutional work;
- those who needed endorsed policy for their roles could access this from the CER;
- institutional entrepreneurs and the sustainability team, acting as change agents, used CER as a tool to encourage staff and managers to take up CSR processes and to justify their own stance and activity for the environment.

CHAPTER 11 – ORGANISATIONAL FIELD DRIVERS FOR CSR AND CER

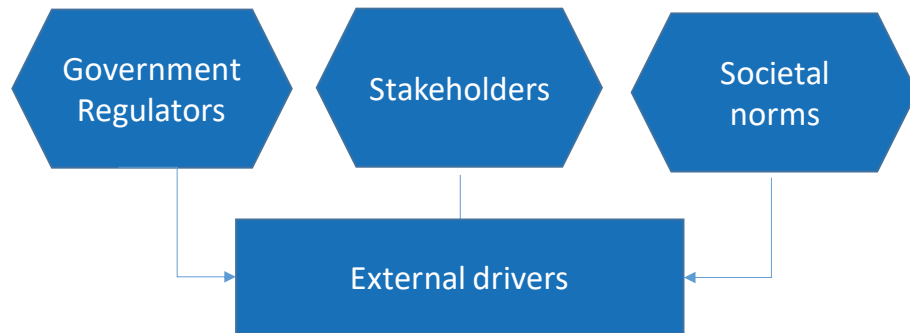
The focus of this thesis is on the internal organisational embedding of change for CSR; therefore, only a limited analysis of the external drivers of CSR for the case study was carried out. This chapter presents a review of the literature and the empirical results of the present research, which look at the drivers of the organisational field as an influence on the internal approach for CSR. This, in turn, allows the role of CER as a conduit of perceived pressure for CSR between the organisational field level and the internal decisions makers to be clarified and further discussed in Chapter 12. This chapter, therefore, summarises the key drivers for CSR in the literature, and those that affected the study organisations approach to CSR. The chapter presents the final element of the results as shown in Figure 1.1.

The review of the literature in this chapter has been constructed using a leading theory in research on CSR, neo-institutional theory, which centres on Di Maggio and Powell's (1983) categorisation, of coercive, mimetic and normative forces. This theory provides a lens through which the formation and persistence of institutions in society can be examined, providing a "rich and complex view" on organisations (Zucker 1987, p.443). It is this lens that is used to examine the factors that influence the adoption of CSR by organisations. This perspective combines with the research on the drivers of CER to produce a picture of the organisational field context in which organisations operate and make decisions about the adoption and implementation of CSR and CER.

The results from the interviews in the two case study organisations are then examined to ascertain whether the external drivers from the organisational field in the ICT sector for CSR and CER reflect those that have been reported in the literature.

The literature review and interview results provide information on the major sources of external influence from the organisational field for CSR and CER. This addresses the macro level of the proposed framework, as per the diagram in Figure 11.1.

Figure 11.1 - Macro Level of Multi-level Framework



11.1 Organisational Field Level Drivers of CSR and CER

Organisations are unlikely to take up CSR without the presence of external pressure to moderate the behaviour of business in society (Beare, Buslovich and Searcy 2014). This also applies to the uptake of CER, especially as this is increasingly being seen as a cost to companies (Hahn & Kühnen 2013). The predominant driving pressure for the uptake of CSR is society's growing expectation of responsible environmental and social behaviours (Milne & Gray 2013). Much of the literature observes that the adoption of CSR practices can be an effort to reduce reputational risk and improve financial performance (Engert, Rauter & Baumgartner 2016). However, other motives may be more normative or moral in nature, where companies develop CSR as a response to wider social and institutional pressures which are the basis of neo-institutional theory (Aguilera et al. 2007).

The use of neo-institutional theory to examine CSR and CER is widespread (Brammer, Jackson & Matten 2012); and according to Frynas & Stephens (2015, p.487), it now "dominates this field". For example, the theory has most recently been applied to study IR (Wild & Staden 2016). The drivers for CSR and CER will be examined in the present chapter, focussing, for CER, and on Australia as the organisational field.

Institutional theory proposes that environmental forces directly influence the structural characteristics and strategic responses of organisations (Meyer, Scott & Deal 1983; Oliver 1991; Suddaby 2010). Research using institutional theory has encompassed a wide range of organisations including governments, NGOs and corporations, and has become "a dominant perspective in macro organisation theory" (Suddaby 2010, p.14). Its application to CSR has included studies across a range of organisation sizes, from SMEs to MNEs, and across industry sectors (Aguinis & Glavas 2012; Scherer & Palazzo 2011).

Institutional and neo-institutional theory are widely quoted across the literature in CSR as well as management journals (Doh et al. 2009), where the theories is used as the basis on which to analyse

organisational CSR behaviour and the influences that drive it (Aguinis & Glavas 2012; Brammer, Jackson & Matten 2012). CER has also been analysed using institutional theory to examine both the uptake of reporting by corporations (Schultz & Wehmeier 2010) and the widening use of standards such as GRI (Bustami et al. 2013).

The foundation paper for neo-institutional theory, the 'Iron Cage' by DiMaggio and Powell (1983), suggests that organisations that adopt a similar structural position in an organisational field will become isomorphic with their common institutional environment (Suddaby 2010). However, it has also been suggested that, although there is always the option to conform, this is not necessarily feasible, due to the presence of a wide range of pressures, some contradictory (Suddaby 2010); and that organisations do not necessarily choose to conform (DiMaggio 1988). More recently, it has been proposed that, for MNEs, isomorphism with other organisations is unlikely, as their environmental operating conditions, for example regulation, vary between countries (Frynas & Stephens 2015).

Institutional theory explains how managers' decision making is influenced by external factors, including shareholders, governance arrangements, and the institutional context (Mackenzie, Rees & Rodionova 2013; Scott 2004). These factors exert a pressure that assists organisational change by creating "rationalized myths" (Meyer & Rowan 1977, p.347), or shared belief systems to which organisations conform, and so gain increased legitimacy, resources, and survival capabilities (Meyer & Rowan 1977; Scott 2001). The adoption of behaviours therefore, continues when the culture or law of the institution or its environment deems them legitimate, even though the practices may not increase organisational efficiency or increase profit (Campbell 2004; Schultz & Wehmeier 2010). The adoption of new processes or cultures effectively occurs for activities that are legitimate in the symbolic realm (Suddaby 2010). DiMaggio and Powell (1983) classic neo-institutional framework describes three organisational field-level forces that drive institutionalisation:

- **Coercive** pressure, originating from government, regulators, and the issue of legitimacy. These can be formal and informal pressures exerted by stakeholders and society (Meyer & Rowan 1977).
- Uncertainty has been seen to encourage imitation, and is therefore described as the **mimetic** force of institutionalisation. Mimetic forces derive from the presence of uncertainty in the environment, when organisations strive to create stability through imitation (March & Simon 1993).
- **Normative** change, primarily from professionalization of managers (DiMaggio & Powell 1983).

Some papers have found that all three mechanisms, the coercive, the normative and the mimetic, operating at the organisational field level, can contribute to the implementation of CSR (Aguinis & Glavas 2012; Doh et al. 2009). An overview by Aguinis and Glavas (2012) reveals that the dominant forces for CSR, at least in terms of research, are the coercive forces of institutionalisation, with legitimacy and stakeholders featuring highly. A number of authors highlight legitimacy as a primary driver for CSR, in particular in highly visible companies, who also use their CER to ‘signal’ their commitment to CSR (Higgins, Milne & van Gramberg 2015).

11.1.1 Coercive Forces of Institutional Change for CSR and CER

An accepted definition for the coercive force is provided by DiMaggio and Powell (1983):

“.. formal and in-formal pressures exerted on organizations by other organizations upon which they are dependent and by cultural expectations in the society within which organizations function”.

DiMaggio and Powell (1983, p.150)

The coercive forces of institutional theory have been used by many researchers to explain the increasing prevalence of CSR policies adopted by organisations (Aguinis & Glavas 2012; Greenwood, Jennings & Hinings 2015). The primary coercive forces that are driving businesses to adopt CSR include: formal and informal pressure from governments, that is, legislation and regulation; competitive and stakeholder pressures (Lozano 2013b); and social legitimacy, where organisations seek social approval for the right to exist (Fifka & Berg 2014).

The effectiveness of coercive forces to drive CSR is supported by recent Engert, Rauter and Baumgartner (2016) review of 114 studies, which found that the most significant external drivers were the coercive pressures of legal compliance, competitive advantage, and societal expectations of social and environmental responsibility. These forces usually operate within an organisational field; however, Marano and Kostova (2016) found that coercive forces can operate across fields for MNEs, as the major influences remain the regulatory and social framework of the country of origin or operation.

Coercive pressures for CER reflect those for CSR, with legitimacy being cited by many authors (Aerts, Cormier & Magnan 2006; Burritt & Schaltegger 2010; Pedersen et al. 2013). A CER positions a company’s CSR within the context of other organisations’ performance and society’s view of

environmental climate change (Schultz, Castello & Morsing 2013). Researchers have shown that actions to address stakeholder needs such as publishing a CER can be taken “proactively to mitigate the risk of potential stakeholders’ backlash or retroactively to integrate stakeholders’ demands” (Hawn & Ioannou 2016 online).

In Australia, coercive pressures, in particular societal pressure, has also led to companies reporting on social and environmental performance, reflecting the forces cited internationally (Fifka 2013) and as stated below:

“The practice of voluntary reporting [in Australia] was a common way in which corporations exemplified their role as good ‘corporate citizens’. Through engagement with international institutions and ratings agencies such as the GRI and the Carbon Disclosure Initiative, companies produced extensive public reports which detailed their initiatives in social and environmental sustainability”.

Nyberg, Spicer & Wright (2013, p.442)

11.1.1.1 The Effect of Regulation and Standards

Governments are seen as the major coercive forces for CSR (Aguinis & Glavas 2012; Engert, Rauter & Baumgartner 2016; Lozano 2015) and associated CER, through “creating policies and regulations to encourage responsible behaviour for business” (Beare, Buslovich & Searcy 2014 , p.338). A legal system that seeks to protect stakeholders rather than focussing on the established financial protection of shareholders is considered most effective in driving CSR (Frías-Aceituno, Rodríguez-Ariza & García-Sánchez 2013). There has also been a substantial increase in the number of new global governance institutions that potentially apply coercive pressures on corporations to implement CSR, most of which utilise non-legal forms of regulation (Vigneau, Humphreys & Moon 2015). This is in part a response to the recent global financial crisis, when various not-for-profit organisations, such as UN Global Compact and the IFC (World Bank Group), encouraged firms to embed social objectives in their corporate governance (Walls, Berrone & Phan 2012).

The source of regulatory coercive pressures can include voluntary and government-mandated standards, including:

- regulation (Lozano 2015);

- stakeholder or shareholder pressure, including financial market guidelines (Aguinis & Glavas 2012);
- standards, and certification (Ortas et al. 2015).

CER has been observed to be produced in response to coercive pressure, with standards and guidelines used to create a credible report for stakeholders, in particular regulators and financial markets (Beare, Buslovich & Searcy 2014). KPMG's most recent survey (2013) illustrates the influence of formal regulation, determining that increasing mandatory requirements are the major driving factor for the N100 to produce CER. This contrasts with the earlier 2008 survey, where only 21% said governmental relationships were important.

In Australia, the introduction of Mandatory Reporting Guidelines in 1998 of Statute 299(1)(f) was demonstrated by Frost (2007, p.190) to have "a significant increase in the number of companies reporting and the level of information provided on environmental performance". Investor interest in CER is growing significantly (Risely 2016), with a consequent involvement of the stock exchange regulator. This is evidenced by the advent of surveys across ASX-listed companies looking at CER (Risely 2016). The increase in CER appears to have been encouraged by changes in the ASX Guidelines for Sustainability Reporting.

The presence of guidelines does not necessarily increase the quality of reporting. The introduction of the Australian Mandatory Guidelines may have led to increased reporting; however, there was a wide variation in the level and quality of information provided; varied, as the guideline was open to interpretation (Frost 2007). Lack of clarity in guidelines appears to be a broader issue, as was recently reported by Beare, Buslovich and Searcy (2014), who observed that governments provide limited direction on CER.

The influence of regulation is also not universal: for example, Beare, Buslovich and Searcy (2014, p.336) found that 35 different Canadian companies stated that, overall, their CER "was not heavily influenced by public policy". A review by Aguinis and Glavas (2012) raises the concern that mandatory reporting may in fact "diminish the focus on substantive CSR", as managers become focussed on data for publication (Aguinis & Glavas 2012, p.940).

11.1.1.2 *The Effect of Legitimacy on CSR and CER*

Legitimate organisations conform to societal expectations; and, as a result, are accepted and valued (Castello & Lozano 2011). Without legitimacy, an organisation is less likely to be able to renew its social license to operate (Meyer, Scott & Deal 1983) and so maintain its social acceptance (Filatotchev & Nakajima 2014). Legitimacy can be defined as follows:

“Generalized perception or assumption that the actions of an entity are desirable, proper, or appropriate, within some socially constructed system of norms, values, beliefs, and definitions”.
Suchman (1995, p.574)

The application of the concept of legitimacy to corporations assumes that they are willing to take on political responsibilities such as enforcing social and environmental standards (Castello & Lozano 2011). It also assumes that organisations can manage and directly influence how they are perceived in society through their outputs, procedures, structures, and leaders (Palazzo and Scherer, 2006). Firms tend to perform practices that they believe stakeholders will perceive as legitimate (Castello & Lozano 2011), as, clearly, any company who continues to pursue unpopular causes or activities would risk the loss of legitimacy and public support (Campbell 2000).

Societal expectation or legitimacy is cited in the much of the literature as being a major driver of CSR. It is now widely accepted that companies must have a CSR policy and report on it in order to retain legitimacy (Hahn & Kühnen 2013; Windolph, Harms & Schaltegger 2013). Firms have been observed to “evaluate legitimacy-expectations of stakeholders and adjust their CSR behaviour” (Wickert, Scherer & Spence 2016 , p.30). The theoretical perspective of legitimacy suggests that the social contract offers a way of explaining the involvement of business with CSR, despite its cost and without the pressure of state regulation (Frynas & Stephens 2015).

Maintaining the legitimacy of their organisations through implementation of CSR is clearly a factor for leaders. Babiak and Trendafilova (2011, p.17) found, in their survey of executives, that the primary reason for CSR implementation was “seeking legitimacy by conforming to institutional pressures and expectations”. CSR has been perceived as simply good for business, as it increases legitimacy. CSR could, therefore, be perceived by corporations as an operational resource, in a similar manner to ‘goodwill’ (Aguinis & Glavas 2012; Suchman 1995).

More recently, the attainment of legitimacy has required a higher involvement of firms. Castello and Lozano (2011, p.14) comment that the previously utilised practice of developing CSR projects and describing them as a strategic activity “no longer suffices to gain legitimacy from stakeholders”. Firms that have made no significant internal change for CSR risk long-term loss of that legitimacy with their stakeholders (Filatotchev & Nakajima 2014). Moral legitimacy to achieve ‘the right thing to do’ (Suchman 1995) will require genuine, even transformational, change for CSR, in order for firms to meet expectations among stakeholders and society (Castello & Lozano 2011; Palazzo & Scherer 2006).

CER is an effective vehicle for firms to achieve legitimacy by making their CSR performance visible to stakeholders and the public (Hahn & Kühnen 2013). Companies produce CER to satisfy societal and stakeholder pressure for legitimacy (Lozano 2013b), which helps explain why CER is adopted on a voluntary basis (Cho et al. 2015). In fact, disclosure of CSR in the CER can be a tool to manipulate the perceived legitimacy of the company (Campbell, Craven & Shrivies 2003; Hahn & Kühnen 2013). For example, Cho, Michelon & Patten (2012) looked at the use of graphs in CER, and concluded that the reports were less about increasing corporate accountability across the social and environmental domains than about managing stakeholder impressions.

The influence of stakeholders on an organisation’s legitimacy remains significant as a source of coercive pressure for CER. The CER is considered a preferred source of information for stakeholders, as other dialogue, particularly that in social media, is seen as a marketing practice to convey company marketing messages (Colleoni 2013). CER’s ability to develop legitimacy amongst stakeholders and society is reliant on the provision of credible information on which the reader can judge the corporation’s action (King & Whetten 2008). Whilst there are many corporations who are believed to produce authentic CERs (KPMG 2013), historically, researchers have observed:

- Corporations intentionally ‘obfuscating’ through the use of selective, incomplete, and/or biased disclosures (Cho et al. 2015);
- CERs containing “low effort symbolic gestures” and basic environmental disclosures in order to gain legitimacy (Aerts, Cormier & Magnan 2006 , p.326).

The recent development of IR as a standard for CER is considered a response to stakeholder demands for “a broader range of decision-useful information than material provided in conventional corporate financial reports and other forms of communication” (Wild & Staden 2016 p4).

In Australia, the place of legitimacy in driving CER has started to be questioned. In their study of Australian firms who do not produce CER Stubbs, Higgins and Milne (2013, p.462) found that only larger firms recognise “legitimacy challenges associated with social and environmental performance”, and that these firms did not report broader stakeholder pressure information on CSR. This led the authors to raise an issue pertinent to the present thesis:

“Perhaps legitimacy ... is something that is no longer perceived as being obtainable through extended disclosure and [CER]”.

Stubbs, Higgins et al. (2013, p.466)

11.1.1.3 Mimetic Forces of Institutional Change for CSR and CER

Mimicking other organisations is an accepted reaction to uncertainty. The mimetic pressure of institutional theory is described as follows:

“Uncertainty is also a powerful force that encourages imitation. When organizational technologies are poorly understood ... when goals are ambiguous, or when the environment creates symbolic uncertainty, organizations may model themselves on other organizations”.

DiMaggio and Powell (1983, p.151)

Mimetic isomorphism can be a response by organisations to situations where there is no established institutionalised knowledge, for example when complying with new regulatory requirements. (Pedersen et al. 2013). Mimetic forces of change can, therefore, be seen as drivers for CSR due to the remaining uncertainty in the societal environment.

Recent reviews from Engert, Rauter and Baumgartner (2016) and Aguinis and Glavas (2012) do not put forward papers researching the mimetic forces of institutional change and CSR, although the influence of industry sector and peer groups on CSR is raised. A review of sustainability accounting by Burritt and Schaltegger (2010) did note research that cited mimetic pressures, including the development of a “mimetic fad” (Burritt & Schaltegger 2010, p.836).

The limited mention of mimetic pressure in CSR research is perhaps surprising, as most authors do agree that CSR remains a “contested arena” (Levy, Brown & de Jong 2010, p.94) and an “elusive problem” (Milne & Gray 2013, p.22). The business sector continues to be uncertain about how to achieve unclear societal demands (Ortas et al. 2015), particularly for more controversial industries (Richter & Arndt 2016). Firms could, therefore, be expected to be looking to each other for a common response.

A few studies do consider mimetic pressure for CSR. Bansal (2005) cites mimicry to help explain why Canadian companies in environmentally sensitive sectors promote sustainable development. Ortas et al. (2015) review across Japan, Spain and France considers that a contributing reason for uptake of CSR was mimetic response to other competitive organisations in their country. Finally, Bondy, Moon & Matten (2012, p.292) research on MNEs found strong mimetic pressure to adopt CSR, as firms were “tracking the activity of their perceived ‘CSR competitor’”.

The study of mimetic behaviour to explain the uptake of CER is, in contrast to the literature on CSR, quite widespread. Hahn and Kühnen (2013) review revealed research, which shows that the effect of mimetic pressure could drive the production of CER in industry sectors. Mimetic change for CER, where organisations follow the lead of others in their reporting, is perhaps not surprising, as the very act of publishing a report facilitates inter-company comparison in the organisational field (Pedersen et al. 2013). Here, organisations base their CSR reporting on that of others in their sector or organisational field, in some cases despite the absence of legitimacy threats (Aerts, Cormier & Magnan 2006).

Peer group pressure and the desire not to be seen as a laggard in CSR cause companies, in particular first-time reporters, to mimic other organisations in their field by producing CER and find inspiration from other companies (Pedersen et al. 2013). The availability of internationally accepted standards with similar formats and content also leads to similarity in reports (Chen & Bouvain 2009; Wild & Staden 2016). Much of the literature has also supported a view that CER are controlled by top management, who react to changes within the institutional environment such as competitive activity (Price 2008).

Recently, in a study of the adoption of the new reporting standard, IR, Wild and Staden (2016) observe that companies respond to their stakeholders’ need for CSR information by publishing a CER that is “consistent with, or not inferior to norms regarded as best practice” (Wild & Staden 2016, p.14). This approach addresses any uncertainty, as stakeholder judgements of “appropriateness” are made partly through comparison with other CER (Aerts, Cormier & Magnan 2006, p.326).

11.1.1.4 *Normative Forces of Institutional Change for CSR*

The third form of pressure from the external environment for organisational change is identified by Di Maggio and Powell (1983) as normative. Norms specify how things should be done, define goals and objectives (Scott & Orr 2008), and also designate appropriate ways to pursue them. Di Maggio and Powell (1983), using Larson (1977) as a source, define the normative pressure as follows:

“Collective struggle of members of an occupation to define the conditions and methods of their work, to control “the production of producers” (Larson, 1977, p.49-52), and to establish a cognitive base and legitimation for their occupational autonomy”.

Di Maggio and Powell (1983, p.152)

The increasing professionalization of managers in organisations is a source of normative institutionalisation (Ortas et al. 2015). Managers who have had similar education, have worked in similar organisations, and are members of professional bodies, will have been subject to the normative pressures of these environments (Matten & Moon 2008).

Normative drivers that motivate CSR engagement are broadly considered in the literature (Aguilera et al. 2007; Engert, Rauter & Baumgartner 2016). The assessment of whether CSR conforms to society’s norms and is, therefore, the “right thing to do” (Campbell 2007, p.963), is highly influenced by professional organisations and education, and is further enhanced by the movement of individuals between organisations (Campbell 2007). Elite business schools that train senior executive are increasingly including CSR in their curriculum (Lozano, Ceulemans & Scarff Seatter 2015).

Other organisations and activities that encourage professional interaction and also foster the ‘professionalization’ of CSR include:

- the membership of associations or contact with non-governmental organisations (NGOs) working in the field;
- organisations, such as Global Compact (www.unglobalcompact.org), who try to bridge the gap between the United Nations and business;
- industry forums, peak bodies, industry conferences and associations;
- promotion and use of standards and practices. such as ISO14001, GRI and IR;

- specialist Master and PhD programs dedicated to CSR, including a body of literature on CSR education.

(Bondy, Moon & Matten 2012; Campbell 2007; Matten & Moon 2008; Ortas et al. 2015; Schultz & Wehmeier 2009)

For MNEs, the normative pressures can actually be applied globally from inter-organisational linkages with managers, business partners and subsidiaries (Marano & Kostova 2016).

The normative forces for institutional change that drive CER are similar to those for CSR, and can be described using Wild and Staden's (2016, p.14) term of a 'soft' compulsion. Normative peer group pressure to produce a CER is applied on CEOs and sustainability teams, through industry peak bodies, education, and movement between organisations. CER is increasingly seen as normal business practice, which is highly influenced by the accounting profession (Milne & Gray 2013; Schultz & Wehmeier 2010). There is a perceived need to conform to industry and professional norms that are considered as best practice (Pedersen et al. 2013). Companies can be, although are not always, influenced by the peak business and industry bodies to create reports that reflect their performance and bring them in line with their peers (Higgins, Milne & van Gramberg 2015; Stubbs, Higgins & Milne 2013).

Adams (2015), when calling for action on IR, saw the influence of the accounting profession as a strong normative force in reporting. CER is also seen as being affected by standards such as Globalreporting.org, whose international standards for sustainability reporting act as a normative force (Aerts, Cormier & Magnan 2006; Schultz & Wehmeier 2009). The IR initiative is providing the latest example of this process, with Higgins, Stubbs and Love (2014) noting that the professional body, the IIRC, has had a significant impact in starting the process of institutionalisation of the framework.

11.1.2 Implications for Study: Organisational Field Drivers

The drivers of CSR and CER are important to the outcome of the present thesis, as they set the context for the approach and application of change for CSR within the organisations. The review of the interviews will determine whether the major sources of external influence are consistent with the forces observed in the literature.

11.2 Results: Organisational Field Drivers

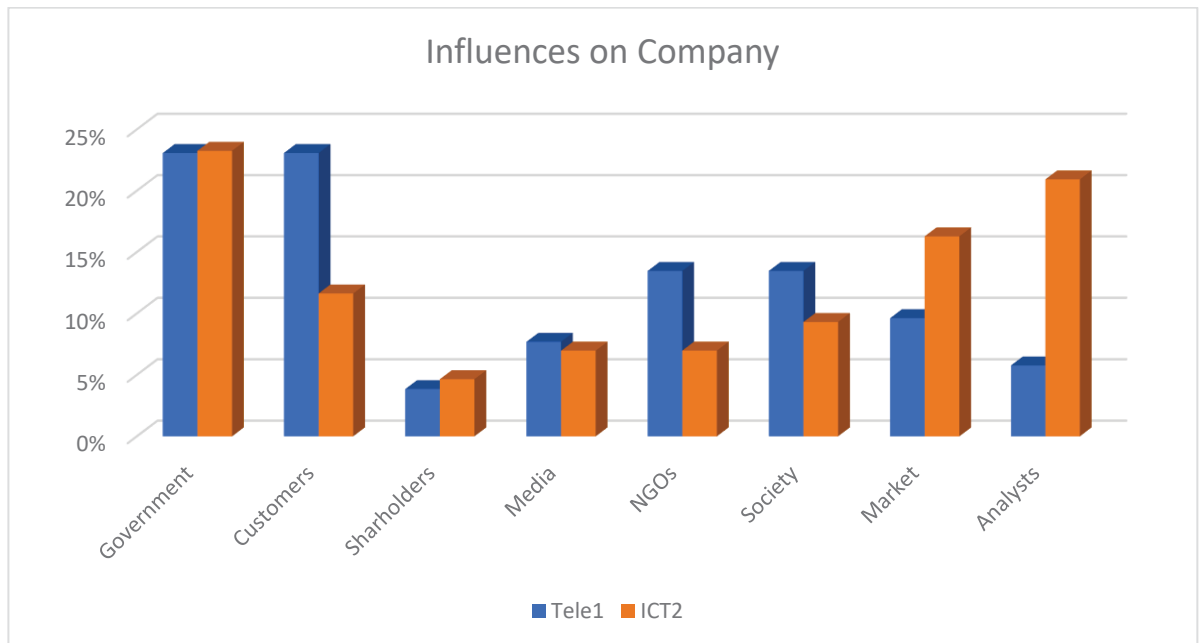
The analysis of the external drivers for CSR and CER in the case is based on the underlying assumption that the organisational fields for the two companies were assessed as being similar. The study companies operated in Australia in the ICT sector, which meant that their organisational fields encompassed the country, the ICT sector, and influences from other large organisations that were active in CSR. The key difference between the sub case organisational fields was the fact that ICT2 was headquartered in Japan, a factor that had a demonstrable influence on the Australian organisation, whereas Tele1's Head Office was in Australia.

The interviewees were asked to identify what they perceived to be the most significant external drivers of CSR and CER for their organisations. These drivers are considered to influence the development of the study organisations' CSR approach, and therefore the frame within which CER could facilitate change for CSR. For example, CER could act as a vehicle to satisfy large customer demands for information on the company CSR program, which motivates internal change.

11.2.1 Key Drivers for CSR

The results show that there was considerable commonality between the organisations in terms of the perceived drivers for CSR. Coercive influences were the most prominent, with government considered the primary source of influence by a significant majority. Interviewees cited both the "market"^[5] and "customers"^[34, 35] as influences. The major external drivers for CSR and CER as perceived by the interviewees is shown in Figure 11.2.

Figure 11.2 – Summary External Drivers for CSR



Although shareholders were not a major influence cited by interviewees, the financial drivers of the organisation were mentioned in every interview. The pressure for profit from shareholders in a capitalist-based organisational field was, therefore, considered a strong influencer of behaviour.

The key difference between the sub cases was that ICT2 was more influenced by market analysts such as Gartner and Forrester, who benchmark organisations on their performance across specific CSR factors, rather than by customers. This may be explained by ICT2’s CSR approach, which focussed on being a market leader for CSR. In this scenario, results from a publicised competitive survey would be expected to be of importance to the company.

11.2.2 Government and Regulation

‘Government’ was mentioned by interviewees across both organisations as a major influence on pro-environmental behaviour and as a driver to create information for the CER^[11, 35]. This clearly coercive pressure was cited by Senior Managers, the sustainability team and employees as an input to their CSR policies^[7, 13, 20, 30]. The need to publicise CSR behaviour to avoid sanction was driven by compliance with current regulation, and by a ‘vague’ aim to reduce the chance of future legislation through pro-active behaviour^[4, 29].

The role of government in CSR appeared to be expected by many interviewees. Even in this context however the institutionalised paradigm of financial gain remained strong, as interviewees did not

believe that organisations would undertake expense for CSR or implement CER voluntarily unless it was required under regulation. Typical of the responses are the following:

“No, we are a capitalist environment, so companies should be allowed to do what is ethically right and the Government is there to set the ethics or boundaries of which the companies will live. Whether they want to actually push those boundaries is up to them and whether that comes down to being seen to actually conform”.

Junior Manager, Outsourcing, ICT2

“Government more so than anything else. I would assume because that is their - they would legislate things, whereas the other would only be social pressure, which is not enough if there is no money to be made”.

Project Manager, Tele1

11.2.3 Shareholders, Investors, and the Capitalist Argument

Shareholders of the study companies had a profound effect on their culture and how they operated, through the influence on the Board of Directors and the senior leadership^[4, 5] which was reflected in the organisations’ policies on CSR^[32, 33]. The internal discourses on CSR, including that produced in the CER, included rational risk-based arguments for CSR implementation, as well as reasoning that was framed within the classic financial paradigm^[32, 33]. This was reflected in the interview data. Conversations with many employees in the case study included discussions about forces that drive economically motivated CSR, such as cost saving from reducing power usage. This was a key part of both organisations’ approach for CSR.

There are two elements to the capitalist argument, which surround the implementation of CSR and became evident during the discussions:

- The share price, both short and long term, was a key focus for Senior Managers, and they operated with “an eye” ^[29] to the financial market. This was either to influence the share price directly, or from a need to operate in accordance with what the Board or owners believed would benefit the long-term position^[4, 5]. The influence of shareholders and the investors, therefore, featured strongly in interviews with the Senior Managers.
- Linked to the share price performance is, of course, profit, which was raised in over 96% of the interviews. This is clearly a concern across the management hierarchy and for individual

contributors in the organisations. For CSR, the presence of a clear financial business case was seen to facilitate its implementation^[22, 26].

A long public ownership history in Tele1 was still a strong predictor of its behaviour, according to managers^[14, 20]. The culture was “risk averse”^[20, 39]. The share price being negatively affected by poor CSR performance was cited as more important than good performance as a positive driver of investor confidence ^[4]. The influence of shareholders on CSR beyond the ‘risk’ element was remarkably limited. Sustainability team members certainly had a perception that shareholders were an important stakeholders^[2, 18] but did not raise share price as a significant driver of either CSR or CER; and there was no perceived need to report to this audience:

“There’s not really much support from a leadership perspective. Shareholders couldn’t give a rats, unless we screw up, they couldn’t care less. Investor Relations don’t use the information, not systematically.... we don’t sort of treasure or prize our environmental prowess or ... if we did make some big achievement, we probably wouldn’t use it to engage”.

Sustainability Team Lead, Tele1

A significant number of interviews (61%) with ICT2 staff contained references to the Japanese parent company; therefore, it appeared to be a key driver of CSR behaviour. This high level of awareness may in part be because of the ‘culture change program’ run from Japan across all international divisions, which included pro-environmental elements:

“Globally, what is driving is the Japanese culture of living in harmony with their environment, so very much a Japanese company, and that is very very clear, that that is the driver”.

Sustainability Team Lead, ICT2

Creating strategy for CSR in line with the head office, and therefore shareholders, as well as providing target and performance information, were major drivers for the process of the CER in ICT2^[7]. The parent organisation was requesting data and policy statements from Australia for use within the international CER, thus forcing the organisation to undertake processes associated with CER production^[35]. Interestingly, the perception was that the Australian organisation was considered to be more profit-oriented than its Japanese parent^[29, 42], which resulted in a focus on the business case for CSR^[19, 22].

11.2.4 Large Business Customers

In every interview, customers were mentioned as a driver of company behaviour:

“I would pick customers particularly in [business department]. So they are the ones who are interested in asking the questions. We are seeing an increase in the number of questions that are being asked by big customers when it comes to tenders and whatever. I think that is an indication of where it is going. But really they are leading the way and the only way we are going to have more success is by saying ‘look our customers want this from us so therefore we should do it’”

Individual Contributor Legal, Tele1

The buying power of large business, in particular Federal and State Governments, and banks, was significant factor for both sub cases^[14, 42], as ‘business-to-business’ sales were a large part of overall revenue for both study organisations. The primary service offering of ICT2 and Tele1 to their large customers was data centre and other forms of IT outsourcing, which are energy intensive due to the use of power by hardware^[17, 36]. The majority of organisations using these facilities were companies in the ASX 100 or government organisations, both of which are established in the extant literature to have a high uptake of CSR^[17, 36]. This resulted in a supply chain effect, where the study companies were under significant pressure to comply with the large customers’ CSR and CER policies in order to win or maintain business^[40, 43]. This compliance ranged from statements of policy to the supply of CSR performance data directly in tenders, contracts, or as CER, and on an ongoing basis^[11, 31].

Large corporate customers, therefore, had a direct coercive influence on the organisations, by demanding that the companies provide environmentally sound services. This could be demonstrated through CER performance measures and compliance with standards^[31, 40], and evidence of “good corporate citizenship”:

- Sales and legal staff reported that these customers were requesting formal evidence of CSR policy and compliance as part of the tendering and contract process. This could be satisfied by reference to the CER or use of information prepared for the CER^[4, 19]. If this was not available, the sustainability teams would put in a process to access the data.
- Information on CSR was made available through the website and other marketing channels to meet demand from business customers. It was also used as promotion by ICT2^[15, 31].

- Large customers were looking to Tele1 and ICT2 to help them improve their environmental performance. Often this was cost- or efficiency-driven^[16, 43].

Large customers' demands were being heard at all levels of the organisations^[13, 45], as the formal tendering and contractual processes required involvement from a wide cross section of the business, from senior management to sales, legal and operations^[29, 43]. This drove a high awareness of these customers' demands, which was reflected in the fact that customers were the strongest observed source of external coercive pressure for CSR and CER.

11.2.5 Legitimacy

The term 'legitimacy' is not one that was commonly used by those interviewed in these businesses, The themes that have been analysed as indicative of the need for legitimacy were as follows:

- to be seen by society to be "doing the right thing"^[16, 19, 21];
- to appease green activist groups such as Greenpeace or other NGOs to avoid the "embarrassment factor"^[3, 23, 29];
- to appeal to potential customers who are part of the general public, and so assist in market positioning^[13, 31, 40];
- internally, to increase employee satisfaction^[8, 42].

Overall, those interviewed for the present research appeared comfortable discussing the concept of societal expectations that were influencing company behaviour. Some interviewees related 'societal expectations' to the 'marketplace', implying that it could be linked to profit, which remained the primary driver of organisational behaviour^[25, 30, 31].

There were some significant differences in the study organisations' responses to the pressures for legitimacy. This resulted in clearly varying approaches to CSR, as the companies placed differing importance on the pressures from the organisational field, based largely on their histories and market approaches.

The more public profile of Tele1 combined with its ownership structure (previously Government-owned, and at the time with a large number of small investors) had led to a high level of public scrutiny, and therefore the company displayed a stronger drive for legitimacy^[4, 20]. Tele1 also had a high number of individual customers, as well as its large business customers, meaning that it had a greater sensitivity to the perceptions of the general public^[26]. The media were an important influence,

as Tele1 had regular press coverage due to its size, proximity to Government, and the broad reach of its business across society.

A key theme of discussions with staff in Tele1 that indicated a broad concern with legitimacy^[21]:

“I think the primary reason is our corporate responsibility. I think the fact that we are big and therefore we've got a corporate citizen role. So I think there's an obligation to the government just because, if we weren't we would be publicly humiliated... There is some elements where we respond to our customer, but I think the prime one is our corporate citizenship, which is where the reporting comes in”.

Senior Manager, HR, Tele1

In ICT2, the perceived need to be rated as a leading environmental performer was driven marketing and meeting the bottom line rather than by society. However, this still meant that there was a pressure to communicate a CSR discourse that provided a credible view of the company, and which was showing acceptable policy approach and performance:

“I suppose it's the bottom line, but it's being seen as being a good corporate citizen from a customer perspective and from, if you like, customer perception of the company adding value to the brand name”.

Project Manager, ICT2

In addition, ICT2's CSR communication was focussed on “the market place as a whole”, a concept that appeared to have no clear differentiation between customers and stakeholders^[15]. Policy statements and CER information are made available to “anyone interested^[35].”

11.2.6 Mimetic Influences

In the Australian organisational field, at the time of the research, there was a significant level of uncertainty regarding the expected level of CSR and the publication of CER, which could have been expected to generate mimetic behaviour.

As discussed in Chapter 8, the importance of benchmarking agencies and business-generated indices, as a source of mimetic pressure for “visible, good CSR performance”^[40], came through very strongly in the interviews. These indices, whilst not based entirely on CER, rely heavily on information that is similar to, or generated for, CER.

Those involved in the CER process across the two organisations were also looking externally for cues on how to report and what should be reported, in order to reinforce or change their chosen approach to CSR and CER^[2, 19, 26].

Information was being sought from the following:

- standards for CER, e.g. GRI;
- benchmarking agencies;
- other organisations reports.

These reviews did not necessarily result in changes to the CER, as the need to promote a favourable company image often overrode other factors.

11.2.7 Normative Influences

What was clear from all interviews was that CEO's and Senior Managers and, in particular, the Sustainability Team Leads, were responsible for driving attitudes towards CSR and process implementation within both companies. These internal change leaders were not significantly influenced by the commonly cited sources of normative institutional pressures, education and professional associations (Scott 2004). One manager mentioned CEO lunches and forums as a source of influence^[1]; however, no interviewees referred to education or learning from other companies' CSR approaches.

The effect of external CSR associations as a normative force could be seen in interviews with the sustainability team, who were all involved in sustainability groups and forums that were across industry sectors^[26, 35]. The Sustainability Team Lead of ICT2 was seen as a "thought leader"^[4, 29] of the industry group. As a result this one charismatic and knowledgeable individual gave ICT2 a more respected position in the organisational field than could have been expected from its size, being industry vertical (not being a large mining or manufacturing organisation), and limited published information on environmental performance.

The role of CER in this context was complex. Sustainability team members' standing within the organisational field, in particular professional associations, was partially based on the quality of the published policies and data from their organisations^[15]. However, this was clearly not a major influence, given ICT2 and its Sustainability Team Lead's respected position despite there being no published CER in Australia.

Table 11.1 – Summary External Drivers of CSR

Force	CSR	CER	Tele1 Interpretation	ICT2 Interpretation
Coercive				
- Shareholder	CSR policy and performance expectations of investors.	Transparency of CSR policy and targets needed	CER made available on website	Marketing material with policy and targets
- Government	Compliance with limited annual reporting and NGRS	Voluntary and some regulated	Meet legislated requirements and provide full CER	Aim to produce NGRs and possibly CER in long term
- Customers	Increasing demand for visible CSR performance and policy	Data and information provided when required for customers, formats not standard	Respond to contractual/tender requirements as needed	Pro-active marketing of selective information and claimed market leadership
Legitimacy	Acceptance that CSR required in order to operate long term in Australian market	Not thought essential, although is accepted as most credible information source	Aim to be seen as “Good Corporate Citizen”	Aim to be seen as market leader, so need CSR profile for legitimacy
Mimetic	CSR expected of organisations, with Tele1 as follower	Benchmarking agency and indices more important than CER. Some CER comparison	Comparison with other organisations to ensure no adverse public reactions	Market research undertaken to reinforce strategy for leadership
Normative	Little influence only through Sustainability teams	No influence	Sustainability team learnt from courses	Sustainability Team Lead seen as thought leader in field

11.3 Conclusions: Key External Drivers

Coercive forces of government regulation, financial imperatives from shareholders, and large customer demands for policies and data, were the primary influences driving the study companies to implement CSR and report on their environmental policy and performance. Society's expectations of 'good corporate citizenship' were cited as a key driver to improve CSR performance to ensure legitimacy, with a flow-on effect to the overall approach for CSR. The effect of mimetic forces through peer group pressure and rating agency indices had far greater effect on the managers of the organisations than could be expected from research to date. These drivers appeared to be perceived in terms of market positioning and competition.

Overall, the drivers for CSR and CER were similar for these study organisations, in the ICT sector, to those seen in the extant literature for other industry sectors. The influence of large customers appeared to be the most significant driver, possibly due to the link to the 'bottom line'. This meant that regulation and legitimacy were perhaps not as strong an influence as seen in research on other industry sectors. Shareholder and ownership structure were highly influential. In Tele1, this had led to its prominent public profile, and therefore a conciliatory attitude to the media and stakeholders. As an MNE with Head Office in Japan, ICT2 was shown to be strongly affected by the pro-environmental culture in that country, which is consistent with research into MNEs.

CHAPTER 12 – DISCUSSION AND CONTRIBUTIONS OF RESEARCH

This chapter concludes the thesis as shown in Figure 1.1, as it aims to review findings of the results against the literature review to ascertain how CER has been shown to assist the embedding of change for CSR. The results will be reviewed to determine whether they reflect previous studies, and where new contributions to the literature are apparent. The review will utilise the multi-level framework to evaluate what the research has revealed about how CER can affect the embedding change for CSR. The chapter reviews where the two ICT sector MNEs in the study used CER in a similar manner to other industry sectors, and where variation was found. Concepts found in the literature that are used to explain change for CSR were applied in this research to elucidate new mechanisms for the action of CER to create pro-environment change, directly through its use and implementation, or as a catalyst for CSR.

This study aimed to examine how CER can facilitate the embedding of change for CSR within MNEs and the ICT sector. The aims of the thesis, and its contribution to the research, which will be reviewed in this chapter, are as follows:

- build on the extant literature to further elucidate the relationship between CSR and CER;
- examine how CER might facilitating the embedding of change for CSR;
- provide information on CSR and CER within MNEs and the ICT sector (the latter being under researched to date).

A significant objective of this chapter is to review the contributions to research of this thesis. These contributions are outlined by first using the multi-level framework to structure the discussion of the research at each level and secondly, reviewing for new information on the relationship between CSR and CER.

At the organisation level, the analysis contained three areas where contributions are considered to have been made to the research:

- The place of stakeholder feedback on the CER varies from studies in the literature (Adams & Whelan 2009; Lozano, Nummert & Ceulemans 2016). This is because the CER in this case study were based on the perceived needs of society and stakeholders with no formal engagement process. However, CER policy and performance targets continued to act as aspirational talk, which increased the case study companies' commitment to CSR.

- The selective use of GRI as a CER standard, in a largely retrospective manner, was apparent. This gave the both study companies ‘flexibility’ to tailor their CER to support the CSR approach and image. This finding supports some criticisms of CER (Levy, Brown & de Jong 2010; Milne, Ball & Gray 2008), and adds weight to the argument for using the more comprehensive CER standard, IR (Adams 2015).
- CER to support the organisations’ CSR approach is examined from an inside-out perspective.

Internally to the organisation, the application of two concepts, sensemaking and agency, to the role of CER in change for CSR adds to the literature, as these have been previously utilised by scholars to clarify the uptake of CSR (Angus-Leppan, Metcalf & Benn 2010; Ruebottom 2013; Schultz & Wehmeier 2010; Sharma & Good 2013); however, there has been only limited application to CER. The role of CER as a communication vehicle is key to the application of these concepts:

- The research highlights the importance of one aspect of CER as internal communication, that it contains the ‘endorsed’ management policy and performance targets for CSR. The effect that this endorsement had on staffs’ propensity to act for CSR was significant.
- Sensemaking as a concept is applied in a novel manner to the role of CER in embedding change for CSR. The research indicates that CER can weigh the sensemaking process in favour of change for CSR.
- CER is uniquely studied as a tool for agents to use to encourage and embed change for CSR. The report was utilised to encourage action for CSR across the management hierarchy and to justify the agents’ own pro-active stance.

The relationship between CER and change for CSR are examined by this research. The results of the analysis show that CER can act as a catalyst for change for CSR in a manner consistent with the literature, and also details where new mechanisms are proposed:

- The research suggests a complex two-way relationship between change for CSR and CER, which pivots on the organisations’ CSR approach. The transparency required by the publication of a CER is shown to influence the CSR approach, and in turn, the CSR approach influences how CER can facilitate the embedding of change for CSR. This varies from other studies, which demonstrate one-way or reciprocal relationships (Adams & Whelan 2009; Lozano, Nummert & Ceulemans 2016; Pérez-López, Moreno-Romero & Barkemeyer 2015; Stubbs & Higgins 2014).
- Distribution and awareness of the CER document in the study organisations was limited, meaning that the report itself was not significantly affecting change for CSR. However, as

CER information and uptake processes were found to be facilitating change for CSR the research suggests that it is these elements of CER implementation that have agency to facilitate change for CSR rather than the report document itself.

Finally, the examining of CSR across a multi-level framework reflected the structuring of research in the literature (Hahn & Kühnen 2013; Schultz & Wehmeier 2010). This approach has added new perspectives to the research on CSR and CER, as to date there has been limited research using a systemic model approach that looks at the interaction between external and internal processes (Benn, Edwards & Angus-Leppan 2013). The model has helped the understanding of how CER acts to assist the interpretation of external pressures for CSR into organisational CSR approaches and change within MNEs, and allowed the examination of the embedding of change for CSR and how CER might assist at each of the levels.

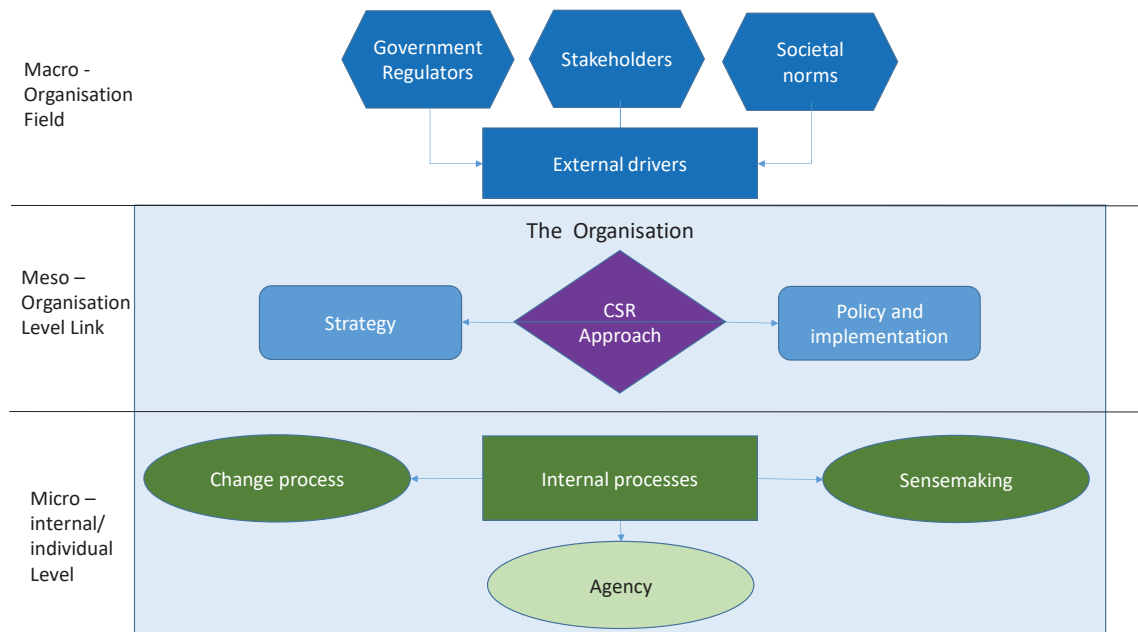
12.1 The effect of CER on the Embedding of CSR

The outcome of the research for this thesis has been analysed through use of the multi-level framework presented in Chapter 4, to provide clarity on the processes by which change for CSR was embedded in organisations and how CER could facilitate those processes. The initial multi-level framework, as created through an inductive process from the extant literature, was used as a construct through which to review the literature; and the results of this empirical research across the three levels. The understanding from the extant literature provided the following at each level:

- The leading concepts that explain the uptake and embedding of change for CSR;
- The mechanisms by which CER has been observed to assist change for CSR by acting as a catalyst;
- Any direct effect of CER to encourage improvement in environmental performance.

The development during this research of an emerging theme of agency, specifically the role of individual agents, caused the model to be adapted abductively to add this concept. The discussion in this chapter looks at the complete model shown in Figure 12.1. The adjusted model allows the comparison of the full results with the literature, to further elucidate the relationship between CSR and CER, and to discuss novel mechanisms where CER is acting to facilitate CSR change.

Figure 12.1 - Revised Multi-level Framework



12.1.1 Organisation Level

12.1.1.1 Discussion of Results at Organisation Level

New perspectives on the how CER can assist in the embedding of CSR into organisations are proposed from the research at the organisational level. At this level, the CSR approach, which is developed at the level of the organisation, is considered in the multi-level framework to be the link between the external drivers and internal change for CSR.

The study organisations were typical of MNEs described in the literature (Bondy, Moon & Matten 2012; Marano & Kostova 2016a), as they were caught in the dichotomy between institutionalised activity for profit and the requirements of CSR (Banerjee 2008). Despite this, both organisations had clear approaches that purported to support CSR, vehemently in the case of ICT2, with its Green IT initiative.

The ICT organisations also reflected other commercial industry sectors, as their primary approach to CSR was pragmatic: that is, attempting to balance economic and CSR imperatives, as posited by Hahn, Pinkse, et al. (2014). The pro-environmental activity most prominent in the companies was supported by financial or risk-based business cases; however, the apparent motivation for the approaches varied between the study organisations. For Tele1, the emphasis was on risk reduction, with the concern over public scrutiny having a discernible effect on behaviour. This is more often

observed in high polluting industries (Fifka 2013), and was perhaps unexpected in ICT. This attitude could be explained by Tele1's historical public ownership and the high public profile of the company, which had resulted in a risk-averse management approach, especially in areas such as CSR, which has a significant effect on legitimacy. ICT2 was clearly financially driven in Australia. CSR had been adopted as a market leadership strategy, with the aim of improving its contribution to the bottom line. The adoption of CSR was assisted by the backing of the Japanese pro-environmental philosophy of its parent company. The implication for CER's role in facilitating CSR in both sub cases was that it needed to support the different CSR approaches; which, given that fact that the transparency created by CER also influenced the organisations' CSR approach, indicated a complex relationship.

Rating agency indices were shown to be more significant than expected mimetic driver of CSR, thereby increasing the need for environmental performance information, with some CER data being collected for the purposes of fulfilling these agency surveys. This a largely novel finding, as there is little apparent consideration of these indices in the literature as a driver of CER and CSR (Hahn & Kühnen 2013; Lozano 2015).

An area where the ICT study organisations differed from those studied in other industry sectors was the influence of stakeholders and the presence of stakeholder feedback or judgement (Adams & Whelan 2009; Hawn & Ioannou 2016; Lozano, Nummert & Ceulemans 2016; Petrenko et al. 2016). Production of a CER to GRI standards, as was seen in both study organisations, should have included a formal external stakeholder engagement process (GRI 2016). However, neither organisation had a formal process for engaging their stakeholders, nor did they account for stakeholder feedback when creating their CSR approach or CER. Leaders did not take any active scanning of the opinions of stakeholders, the only external substantial external research into CSR being market research into Green IT products in ICT2.

Both companies, however, appeared to be comfortable with producing CER without stakeholder input. Leaders relied on what they perceived as the needs of stakeholders. This was combined with the knowledge of the sustainability teams, some use of standards, and information from marketing-style CSR activity, such as ranking criteria in benchmarking indices, to determine what should go into the CER. This approach could be considered 'strategic', as it allowed the companies flexibility in what to put in the CER, giving them the freedom to include CSR information that best supported the public commitments to CSR and the companies' CSR approach.

Table 12.1 below utilises the questions which were posed in each chapter which reviewed the results to provide a summary of the outcome of the present research at the organisation level.

Table 12.1 Summary of Results against Questions at Organisation Level

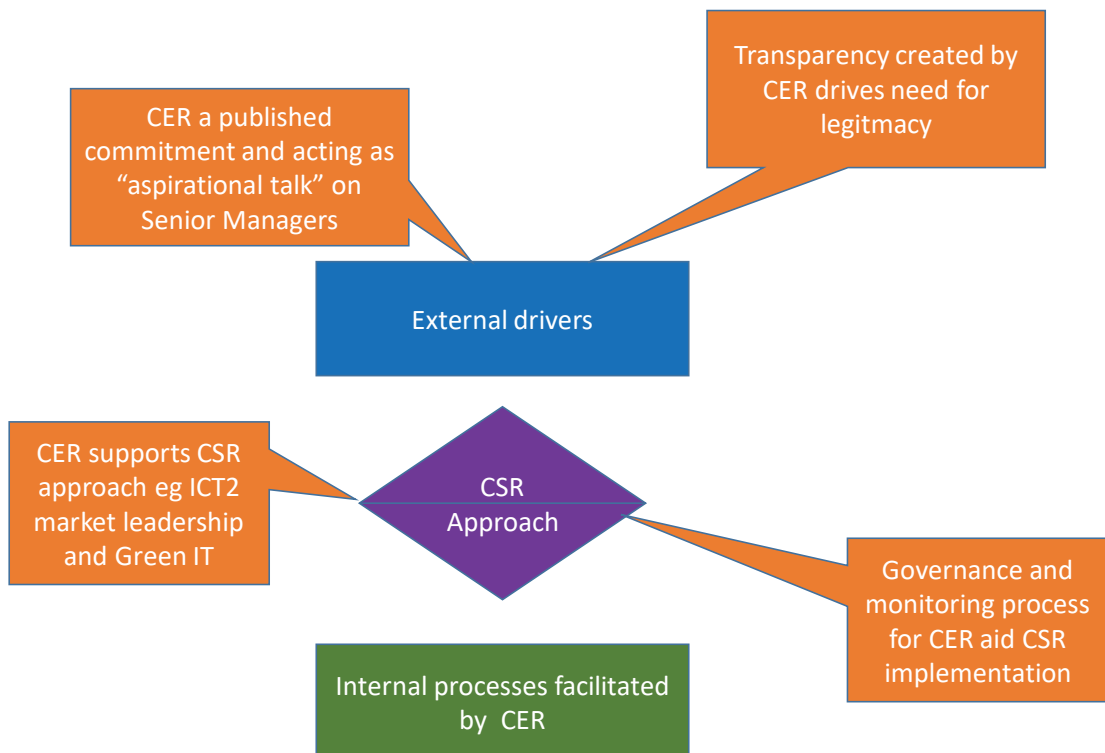
Number	Level	Question	Results	Detail
1	Organisation	<i>Can the transparency associated with publishing a CER encourage the creation of an internal CSR approach to ensure legitimacy?</i>	Largely supported by the research	Company rhetoric provided in CER could also be seen as ‘aspirational’ (Christensen, Morsing & Thyssen 2013), and so could help to drive CSR strategy. Once a CER was produced it was seen to have a tangible effect on the leadership, as the necessity of performance against a published policy and targets appeared to be an institutionalised belief.
2	Organisation	<i>Can it be established that external input and/or feedback to the study organisations on CSR results in modification of the CER or change for CSR?</i>	Not supported by research	<p>There was a surprising lack of engagement with the stakeholders and public. The approach was passive, waiting for issues to occur, rather than pro-active, with exception of targeted market research.</p> <p>This finding differs to some other studies with one-way relationships (Adams & Whelan 2009) and with the recent study by Lozano et al. (2016) which found that the feedback from stakeholders on CER informs the second report and therefore drives change, creating a reciprocal relationship.</p> <p>As external parties were not interviewed in the study, this is an area for further research.</p>
3	Organisation	<i>How can CER support the CSR approach of companies?</i>	Supported by research	CER supported the CSR approach of both study organisations. In Tele1, it provided a means of ensuring compliance monitoring and of publicising its CSR credentials to reduce the risk of adverse publicity. For ICT2, information from the CER was utilised primarily for marketing and creating products to support its market leadership positioning in Green IT.

4	Organisation	<i>Can CER, through the use of recognised standards, provide the structure of CSR approach and assist the governance and performance monitoring process?</i>	Partially supported by the research	<p>There was no evidence that the CER, through use of standards, was providing structure for the CSR approach or implementation. The CER process, including the assessment of materiality, was retrospective, with staff seemingly selecting the most credible data for publication in the CER by using “materiality” as justification of the choices.</p> <p>CER did support the governance process for CSR by creating sign off mechanisms and monitoring for performance targets.</p>
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12.1.1.2 CER Mechanisms at Organisation Level

The mechanisms at the organisational level where CER was shown to have a potential role in facilitating change for CSR were primarily seen at with the leaders and managers of the study organisations. Figure 12.2 uses the multi-level framework to show how CER can operate to assist the embedding on change for CSR were and at which levels the CER mechanisms primarily operate.

Figure 12.2 – Mechanisms of Action of CER at Organisational Level



Transparency

An important effect of CER at the organisational level was through the transparency it creates of company CSR. Here, CER was acting as a conduit from the organisational field to the ICT organisations of the pressure from stakeholders and society, to improve pro-environmental performance, and so secure legitimacy. This pressure appeared to be effective, despite the lack of active engagement of stakeholders in the study organisations, as leaders were reacting to what they believed were the demands of stakeholders. The process to produce the CER thus relied on the Senior Managers' and sustainability teams' perception of what they believed society, stakeholders and the market expected. Producing a transparent CER augmented the pressure for the organisations to have credible CSR policies and acceptable performance, as a report produced to accepted standards, the CER requires the inclusion of detailed and specific CSR information.

Aspirational Talk

What was also evident from the results was that the effect on senior leaders and CEOs of CER creating transparency was apparently due to an embedded belief that, once a commitment to CSR was published, then there was a need to meet the expectations that were set. Once a CER was published it was seen to have a tangible effect on the leadership, as the necessity of performing against a published policy and targets appeared to be an institutionalised belief. This reflects two concepts in the literature. Christensen, Morsing & Thyssen (2013) suggest that ‘aspirational talk’ in CER targets are a promise to future company performance and, therefore, a driver of CSR improvement. Petrenko et al. (2016) suggest that the need to perform to CER targets is derived from a CEO’s narcissism. However, in the present thesis research, it was not clear that leaders’ ‘ego’ was driving behaviour or whether other motivations were involved. This is an area suggested for further study.

CER to structure the CSR Approach

A finding contrary to the literature was observed, as CER was not used to structure the CSR approach or implementation processes. According to members of the sustainability and reporting teams, the organisations used GRI as a ‘vague guide’ to producing the report. The selection of information to report, and consequently what CSR process might be affected internally, was primarily based on the need to meet the companies’ already published commitments on CSR. In Tele1, this again meant working to be seen as a “Good Corporate Citizen” to avoid the risk of public sanction; and in ICT2, it was designed to reinforce its aims to be a market leader in CSR. Materiality judgements for the CER were, therefore, subjective, in the view of the Corporate Reporting Manager and Sustainability Team Leads. The CER process, including the assessment of materiality, was retrospective, with staff apparently selecting the most credible data for publication in the CER by using materiality as justification of the choices, rather than making an objective assessment. The reports were certified against GRI; however, the organisations used the flexibility within the GRI guidelines (Seele & Lock 2015) to produce a report suited to the corporate CSR approach and yet remaining certifiable against GRI 3.

CER to Support CSR Approach

The CER was being used in both study organisations to support the CSR approach, and therefore to assist in embedding change for CSR. This was clear in ICT2, where the information from the report was being both controlled by and used in the marketing process. This does, however, raise the concern, commented on widely in the literature (Milne & Gray 2013; Pérez 2015; Romero et al. 2014; Stacchezzinia, Melloni & Lai 2016), that the approach was more focussed on marketing, and would

not result in substantial internal change for CSR. There was evidence of this concern in ICT2, where internal change lagged behind the company's public CSR profile, with performance targets set some 5-10 years in the future and so lacking urgency, all of which created a 'gap' between what Wickert, Scherer & Spence (2016) term CSR "walk and talk". In Tele1, the relationship was less clear, with the CER appearing to assist the embedding of change for CSR by allowing the company to publicly meet its 'Good Citizenship' objective, therefore reducing risk of adverse publicity. This approach to reporting could be considered more likely to result in change for CSR, as Tele1 would be looking to meet its CSR commitment in order to avoid the risk of public sanction that comes with dissembling (Reimsbach & Hahn 2015).

Governance Processes

The results at the organisation level suggest that CER was supporting the CSR activity through its role in policy and performance. CER did assist the governance process for CSR by encouraging the production of clear policy statements, requiring the demonstration of governance in the report, and creating a performance monitoring process, in a manner seen in other studies (Filatotchev & Nakajima 2014). In both companies, a clear governance process was in place for the CER, with Senior Managers being required to create statements for the CER and to review and sign off the report. This activity associated with CER has been observed in the literature to facilitate the process for CSR (Adams & McNicholas 2007; Kolk & Pinkse 2007). The CER was used as the primary vehicle to monitor progress against CSR targets in both organisations, and this was achieved through processes associated with CER data collection, again providing support for CSR in a manner similar to that seen in previous studies (Adams & Frost 2008; Stacchezzinia, Melloni & Lai 2016). It was also used to direct activity to 'projects' that were suitable for publication in the report, as they were likely to meet both CSR and financial objectives.

12.1.1.3 Contributions of Research at Organisation Level

The present research is one of the few studies to examine CSR in the ICT sector, and one of the first to look at CER. This is significant, as ICT has the potential to cause environmental harm, producing 3% of greenhouse gas emissions globally and 7% of eWaste (United Nations University 2014). The study of ICT is important because it has the potential to be a corporate leader in CSR, as it was one of the first sectors to adopt environmental practices and has its own CSR initiative, generally referred to as 'Green IT' (Ullah, Lia & Marjoribanks 2013). Results in the present research have shown that MNEs in the ICT behave in a similar manner to those in other industries, in many respects; however, there are important differences that may present opportunities for management practice and further research.

Stakeholder feedback

As discussed above, an important difference between this case study in ICT and research in other sectors was the lack for formal feedback from stakeholders (Aguinis & Glavas 2012; Lozano, Nummert & Ceulemans 2016). Neither company engaged in formal stakeholder engagement processes, despite certifying reports to GRI; however, the influence of the organisational field, stakeholders, and specifically customers and shareholders, was clearly apparent. Leaders had a pre-conceived understanding of what was required of their organisations for CSR, and therefore what needed to be reported in the CER, based, it appeared, on the following:

- Market research, benchmarking indices and competitor activity;
- Personal understanding of CSR issues;
- Information from internal CSR experts;
- Shareholder position on CSR; presented as Head Office Policy for ICT2 and media pressure for Tele1.

These drivers led to the publication of a CER with information that the organisations' managers thought was required by stakeholders, as well as presenting a future vision of their companies' CSR performance on which they are expected to report in the next cycle. However, the CER could still be effective, as it was acting 'aspirational talk' (Christensen, Morsing & Thyssen 2013), which can act to encourage organisations to improve their CSR performance. This was seen to be significant in both study organisations, with leaders and Senior Managers being driven to achieve goals that they had aspired to in public statements in the CER. Performance against such goals appeared to be an institutionalised belief.

The implication of these results is that the requirement for stakeholder feedback, although preferable, is not essential for CER to affect embedding of CSR. Transparency of information in the CER did appear to be affecting change for CSR through the perceived need to meet what leaders expected stakeholders to require. However, a novel finding, that this avoidance of feedback allowed the study companies to be selective with regard to the information provided in the CER, means that transparency was driving CSR behaviour based only on a limited number of factors in the CER. What should be explored in further research is whether this is sufficient to create performance improvement, or whether it skews CSR behaviour to produce headline results.

CER to Structure CSR Implementation

There was limited evidence to support the concept that CER, or GRI 3, assists to structure the CSR processes or approach, contrary to some other studies (Adams & McNicholas 2007; Stubbs & Higgins 2014; Vigneau, Humphreys & Moon 2015). The reasons for this have been already been

raised by some authors: that is, that not using a standard, or using one flexibly, allows organisations the freedom to be selective in the information that is portrayed to the public and so preserving the company's preferred position on CSR (Banerjee 2008; Milne & Gray 2013) . This finding supports critics of standards and CER who believe that voluntary standards perhaps allow too much flexibility (Alonso-Almeida, Llach & Marimon 2014; Levy, Brown & de Jong 2010), or in the case of IR, are designed with investors in mind (Flower 2015). The present research in ICT sector provides apparent support for the concerns; and this is an area that could benefit from further research into the use of standards and the motivation of companies that use them selectively.

CER to support CSR Approach

The role for CER as support for the CSR approach, found in this study, can be considered to contribute to the research. Although significant research has looked at CER as complementing companies' CSR strategy, or even as greenwashing (Banerjee 2008; Hahn & Kühnen 2013), this has tended to be from an outside-in perspective that derives the companies' approach from the report, rather than research that examines this from an internal perspective (Engert, Rauter & Baumgartner 2016; Stubbs & Higgins 2014). One of the present study's organisations, ICT2, was adopting CSR with enthusiasm as a market initiative for its customers, and potentially leading others in the industry sector towards improvement in environmental performance. In ICT2, CER was shown to be supporting this initiative by providing policy and performance target information, as well as being an element in the development of Green IT monitoring products such as those for the data centres and the consulting teams. Tele1 though not a leader in CSR, as it was risk averse was driven by its public profile to produce a reasonably comprehensive report to avoid losing legitimacy.

The role of CER to support companies' CSR approach could be further investigated to determine whether CER is being utilised as simply as another marketing tool to support its CSR profile, or whether this mechanism is also encouraging change for CSR.

12.1.2 Internal Individual Level

12.1.2.1 Discussion of Results at Internal Level

The embedding of CSR internally to the study sub cases was shown to be dependant on the following factors:

- the CSR approach and governance;
- the dominant change model;
- department manager attitude;

- active agency.

The CSR approach, as discussed above, influenced the level and type of activity for CSR within the study organisations, and therefore the role CER could play in facilitating change for CSR. The dominant change model in the organisations was directed Planned change, with some emergent and systematic process change at the local level. The implementation of CSR was, therefore, being undertaken largely in a Planned style direct by management, which is consistent with approaches assumed in the literature for CSR (Neugebauer, Figge & Hahn 2015) in MNEs, who take much of their direction from the Head Office (Marano & Kostova 2016a). The approach was not, however, coherent with initiatives being directed and then dropped, on a seemingly ad hoc basis. Implementation was left to sustainability team members and local managers, leading to an ‘patchy’ CSR uptake overall. The empowerment of some Middle Managers and the sustainability team, acting as change agents, led to evidence of emergent change at a local department level, for example, in the facilities team in ICT2. This is consistent with the literature, where middle managers and CSR professionals have been observed as important in driving change for CSR (Maon & Swaen 2009; Sharma & Good 2013). The sustainability teams as informal change agents were responsible for embedding change for CSR; and it is here that a further role for CER was apparent. Organised ongoing change was present, adding to the patchy nature of the CSR initiatives across the organisation, which in turn led to a confused picture of change for CSR.

There were major blockers to embedding change for CSR were caused by department managers. Direct communication was found in the study organisations to be critical for the distribution of CSR messages; and these were being blocked if the manager was not motivated to introduce change for CSR.

CER had a role in facilitating the embedding of CSR at the internal level of the organisations, through its use as a communication vehicle for CSR containing endorsed company policy and to introduce process change to monitor performance directly. This pattern of incremental, although not transformational, change is similar to that observed by Higgins, Stubbs and Love (2014), when looking at the early adoption of CER produced to the later IR standard.

The role of agents to facilitate change for CSR was a significant emerging theme of the research. At all levels of the management hierarchy, the actions of agents were found to be influential in the implementation of, and ongoing change for, CSR in a manner similar to that seen in recent studies (Ruebottom 2013; Schaltegger, Beckmann & Hansen 2013; Yavas, Karatas & Howells 2014). Senior Managers were driving the approach to CSR, and Middle Managers, who were motivated for pro-environmental change, helped its embedding into day-to-day business operations through

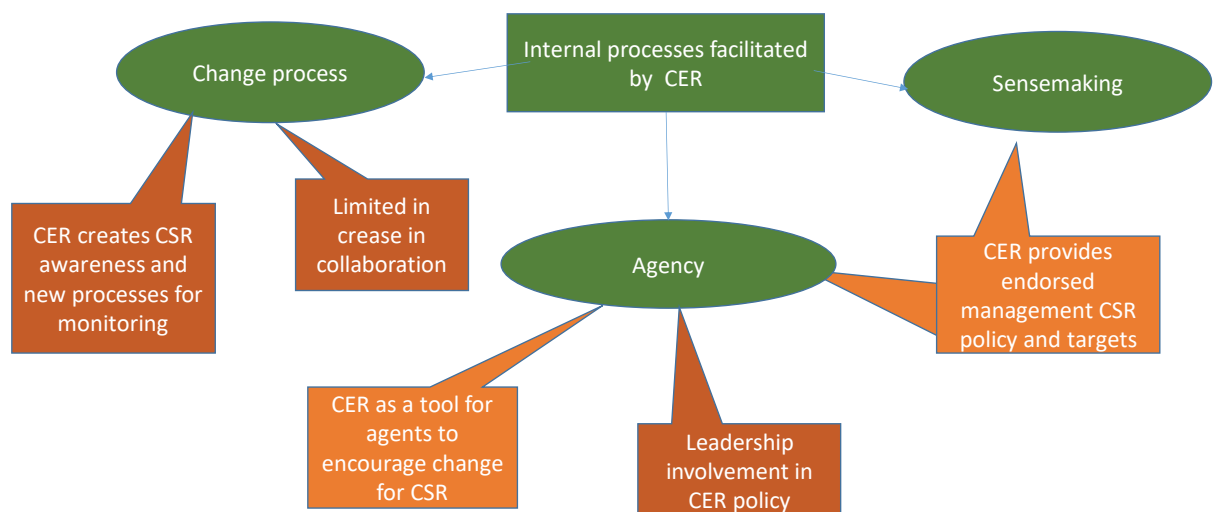
undertaking of institutional work. Critical to change for CSR, the sustainability teams were acting as change agents, with both organisations’ team leaders seen as being entrepreneurs. Individuals across the management hierarchy in both sub cases were also acting as entrepreneurs for CSR, often as Eco-Champions, having a significant influence on their own areas for the embedding of change for CSR.

This research also examined the sources of influence on the individual for CSR, to allow the place of CER in this process to be examined. This was considered as the attitude of employees and leaders was found by Schein (2010) to be important for the embedding of values into corporate culture. The areas that influenced interviewees were reported primarily as being direct communication and the workplace environment. Individuals who were in contact with the sustainability team, or with peers who were ‘pro-ecological’ (Dunlap & Van Liere 2008), were more likely to weigh their sensemaking (Weick 2003) process in favour of CSR. A workplace environment with paper recycling, power saving and notice boards with pro-environmental content were mentioned in many interviews as being reminders for pro-environmental behaviour, and as a factor in the decision making, as they showed, as commented by one Middle Manager in ICT2, that “the company was taking action on CSR”.

12.2.2.2 CER Mechanisms at Internal Level

Figure 12.3 below shows how CER could facilitate the embedding of change for CSR internally to the organisations based on the results and concepts reviewed as part of the revised multi-level framework.

Figure 12.3 – Mechanisms of Action of CER at Internal Level



Introduction of change process directly by CER

As auto-communication, the CER document per se was not found to be effective, as awareness of the report itself was very limited and stopped at middle management level. However, CER content was highly effective in the hands of change agents or institutional entrepreneurs, as it contained company rhetoric, policy and targets that could be used to influence managers and staff. The CER process therefore created a discourse whose content, and rhetoric, was 'endorsed' by leadership, which could be used to influence managers and staff. This is a significant finding, in that, although much of the research to date recognises the importance of staff awareness of CSR strategy (Engert, Rauter & Baumgartner 2016) or that CER is a vehicle for this awareness and for earning about CSR (Angus-Leppan, Metcalf & Benn 2010), the presence of endorsed management statements in CER has not been previously highlighted as a significant factor, nor has its use by change agents.

CER introduced direct change that certainly appeared to facilitate the embedding of processes for CSR. Specifically, the implementation of CER as directed from Senior Managers led to incremental change by bringing in processes of governance and monitoring of performance. CER was compatible with the Planned approach to change in this context. Here, the setup of CER processes allowed directed, time-bound CSR change initiatives to be managed and monitored against defined targets. This result supports the research by Adams and McNicholas (2007) and (2009), which showed CER being used with an organisational change based on Lewin's (1947) planned approach.

The 'reach', that is the number of areas of the organisations affected by the CER processes, was more limited than could have been expected. This was because collation and management of the CER was completed by the sustainability team with input from only a few departments, and much of the data was collected from outsourced companies, an issue not previously raised in research. This meant that there was also limited evidence of the uptake of CER increasing Senior Managers' involvement in CSR, with their teams or in cross-organisational collaboration. In addition, the sustainability teams undertook most of the work for CER and coordinated activity with the external suppliers; therefore, CER was not assisting in creating collaboration between departments as suggested by Lozano, Nummertc and Ceulemans (2016).

Sensemaking

CER appeared, in this study, to be effective as an input to the sensemaking/ sensegiving process in the manner suggested by Weick (1995), and therefore acting as a potential catalyst for the embedding of CSR. The results indicate that the CER, combined with perceptions from society and organisational norms such as the need for profitable operation, formed part of the analytical frame

through which employees assessed CSR in their sensemaking process (Brown, Colville & Pye 2015; Weick 1995).

Interviewee perceptions of the relationship between CSR and CER varied, from those who saw only a limited functional relationship, to agents who utilised the CER to facilitate the embedding of change for CSR. Furthermore, even employees who were sceptical about the effectiveness of the CER utilised information from the CER, or expected that they should be able to use the CER, as part of the set of information needed to construct their realities and so make sense (Maitlis & Christianson 2014) of CSR initiatives within their organisation.

The process of sensemaking observed in the study organisations included two key elements, sensemaking and sensegiving. Individuals at all management levels were influenced by the CSR messages from the CER, and applied sensemaking during the interpretation process. Sensegiving was evident in the construction of CSR message in the CER by the authors, which included the Senior Management and Sustainability teams (Weick 1995). The CER was used by employees to interpret the organisational information on CSR in the context of their own position, therefore assisting in the further embedding of change for CSR. Leaders of both study organisations were constructing the messages in the CER in order to communicate the company policy and results on CSR to internal and external audiences.

This was seen primarily at Senior and Middle Manager levels; whereas, at the Individual Contributor level, the effect was more limited. This was partly because the awareness of CSR and of the CER was highest at the upper levels of the management hierarchy. At the leadership level, a key role through which CER could assist in the embedding of change for CSR was by encouraging Senior Manager sensegiving for CSR. The processes for the report meant that leaders had to sign off on CER policies, and agree to targets, thereby increasing their commitment to CSR, as observed by Spencer, Adams and Prem (2013). For staff of the companies, this content in the CER created very visible accountability for the commitments in the report, and for the organisations' performance against the CER.

At the Middle Manager level, the need to apply sensemaking to balance contradictory messages from leaders was apparent. The study organisations were similar to many companies studied in the literature, as they were traditionally profit focussed, meaning that the CSR messages were effectively competing with the drive for financial gain (Banerjee 2008; Caprar & Neville 2012; Hahn, Pinkse, et al. 2014). The presence of 'endorsed' company CSR policy in the CER was, therefore, seen to be significant in the process of sensemaking, as it was weighed against the messages for profit. Staff were receiving messages containing content from the CER, and, if motivated, accessing the CER

itself, which provided confirmation that CSR was a legitimate company strategy. This information appeared to weigh the sensemaking process in favour of action for CSR, thus assisting its embedding and leading to the following outcomes:

- Pragmatic approach (Hahn, Preuss, et al. 2014), aligning CSR policies in CER with financial gains;
- Paradoxical stance (Hahn, Pinkse, et al. 2014), allowing the contradictory objectives to remain, as all are transitory;
- The use of CER information as justification for action by managers with a pro-environmental attitude.

In common with other industry sectors studied messages for CSR and profit were often discordant (Bondy, Moon & Matten 2012), and ‘de-coupled’ (Gond et al. 2012; Meyer & Rowan 1977; Schultz, Castello & Morsing 2013), and so led to different approaches by individuals based primarily on their attitude to CSR. Middle Managers, particularly if pro-ecological in attitude, were more likely to act for change for CSR if they were aware if the endorsed CSR policy in the CER. Other reactions observed were ‘de-coupling’ the messages yet passing them on to team members independently of financial messages. The pragmatic approach, which is congruent with business as usual, was the most commonly cited option, with interviewees suggesting that selection of activities for CSR was based on the clearest business case. The paradoxical approach (Hahn, Pinkse, et al. 2014) was also observed, with employees allowing both CSR and financial activities to co-exist, assuming there would be a resolution over time. The latter approach was quite common, given staff comments that both organisations had created change programs that had “come and gone”^[3] with little impact and no consequences for inaction.

Agency

The emerging theme of agency was instrumental in uncovering of a role for CER, as a tool for agents to encourage, educate and justify change for CSR, because it contained information on CSR, company targets, and endorsed management policy. CER as a means of increasing awareness and learning for CSR has been previously studied (Adams & McNicholas 2007; Benn, Edwards & Angus-Leppan 2013); however, its role as a tool for agents to facilitate this task is not well reported. .

The CER document was not widely used in this process; however, the information used to create the CER was provided in a variety of other communications, and was a vital part of the pro CSR agents’

ability, in particular at middle management level, to persuade others to adopt or allow change for CSR.

Institutional entrepreneurs and the sustainability team members, acting as change agents, used the endorsed policies and targets to encourage staff and managers to take up CSR processes and to justify their own stance and activity for the environment:

- The CEO and senior management policies and targets were promoted as ‘endorsed’ or ‘official’ company strategy. This meant that the agents could use this information to persuade managers and staff to act for CSR, as this was expected by senior management.
- Agents used the CER information to educate staff on CSR and the company policy.
- The ‘endorsed’ policy was used to justify taking personal action for CSR; in particular by Eco-Champions or other individuals not in roles where CSR was required. Individuals who were motivated by a personal stance on CSR used the CER policy and targets to justify to their managers taking steps for CSR, and even pushing colleagues to do so, when there was no clear business case in place.
- The Sustainability Team Leads used the CER statement by Senior Managers and the CEOs to ‘prompt’ these leaders to take action for CSR, to avoid being seen to fail against a position to which they had personally committed.
- The CER targets were also being used to encourage managers to take up CSR processes by the sustainability team members and institutional entrepreneurs.

Middle Managers and change agents (Rouleau & Balogun 2010) are key to CSR implementation, due to the need for them to undertake institutional work (Sharma & Good 2013). The endorsed management policies, processes to collect data, and performance monitoring, were cited by many staff as an influence on their decision making for CSR and on their propensity to undertake institutional work.

The role of CER to facilitate the embedding of change for CSR internally to the study organisations is reviewed in Table 12.2 below by summarising the results against the key questions raised regarding the concepts of the multi-level framework

Table 12.2 Summary of Results against Key Questions at Organisation Level

Number	Level	Question	Result	Detail
5	Internal	<i>Can CER create incremental change for CSR by increasing the awareness for CSR and by introducing direct process change and collaboration to facilitate the embedding process?</i>	Partly supported by research	<p>The implementation of CER was directed by Senior Managers and implemented through a series of ad hoc processes. Incremental change for CSR was achieved by bringing in processes to monitor performance. The effect of these processes was more limited than could have been expected, as much of the data collection was completed by suppliers running outsourced services such as facilities management.</p> <p>The CER document was not found to be effective in raising awareness of CSR as use the report itself was very limited and stopped at middle management level. However, CER content was highly effective in the hands of change agents or institutional entrepreneurs, as it contained “endorsed” company rhetoric, policy and targets that could be used to influence managers and staff.</p> <p>There was limited evidence of the uptake of CER increasing senior management involvement in CSR with their teams or cross organisational collaboration. This was because the sustainability teams undertook most of the work for CER and coordinated activity, often with external suppliers.</p>

5	Individual	<i>Is CER as an input containing company information on CSR a possible mechanism to weigh the sensemaking process in favour of change for CSR?</i>	Supported by Research	<p>The CER, or more specifically information created for or used in the CER, was seen to be influencing the sensemaking process in favour of CSR. It is important to note that the report itself was not widely used; however, the policies, targets and performance data were used in various forms of communication.</p> <p>CER contained policies that were endorsed by senior management. This had a pro-environmental effect:</p> <ul style="list-style-type: none"> • the sensemaking process was more likely to be weighed in favour of CSR, encouraging managers to undertake institutional work; • those who needed endorsed policy for their roles or to take personally motivated action for CSR could access this from the CER. <p>Entrepreneurs and the sustainability team members used the endorsed policies and targets to encourage staff and managers to take up CSR processes and to justify their own stance and activity for the environment.</p> <p>The sensemaking process for change for CSR was effected by management level. At the senior level with high influence over the embedding of change for CSR, sensemaking in favour of CSR was significant; at the individual level the effect was more limited.</p> <p>Senior and middle managers did de-couple CSR from financial messages; however, in the following scenarios, CER weighted the process towards CSR, allowing action for CSR:</p> <ul style="list-style-type: none"> • Pragmatic approach aligning CSR policies in CER with financial gains; • Paradoxical stance allowing the contradictory objectives to remain, as all are transitory; • As justification for action by managers with a pro-environmental attitude.
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6	Individual level	<i>How can CER act as a tool to assist agents in undertaking change or institutional work for CSR?</i>	Supported by research	<p>The sustainability team leads in both organisations were strong advocates for CSR behaviour change. These managers indicated that they were using the CER to put pressure on their CEOs to improve CSR performance.</p> <p>The CER targets (published or recorded for Head Office) and endorsed management policies were also being used to encourage managers to take up CSR processes, by the sustainability team members and institutional entrepreneurs.</p>
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12.2.2.3 *Contributions of Research at Internal Level*

CER as a communication vehicle of endorsed company policy

Overall, the present research confirmed that a primary mechanism through which CER can facilitate change for CSR is as corporate communication. This supports (Higgins, Milne and van Gramber (2015) finding that, for Australian organisations, 87% of respondents saw CER primarily as a communications mechanism.

CER, or more specifically the information from the CER, was found to communicate the company position on CSR to both internal and external audiences. However, the potential to increase awareness of CSR policy was limited by the lack of availability and passive approach to the distribution of the report within the study organisations, a finding not as strongly seen in other sectors. Information from the CER was widely available, however, CER itself could have been used more actively within the organisations as an aid to increasing awareness of CSR. Information from the CER could also have been used to feedback to staff on performance and to create local awareness through signage in local workplaces. This would aid implementation by focussing on information, training and feedback (Young et al. 2015).

As discussed above, an important distinction found in the present research that has not been highlighted in the literature was the internal significance of the management endorsement of the CSR approach and policy. This result showed that CER can act in this role, an finding previously not specifically reported for CER in the extant literature.

The importance of leadership to the embedding of CSR is widely acknowledged in the literature (Angus-Leppan, Metcalf & Benn 2010); however, the use of leadership-endorsed statements has not been comprehensively reviewed. Leadership was not a focus of this thesis; however, the auto-communication from Senior Managers of endorsed polices, performance measures and strategies in the reports was an important factor in embedding change for CSR. CSR reporting also provided a vehicle that Eco-Champions and change agents could use to bring in direct process change to measure performance against targets established in the CER, precisely because this was required by management. The outcome of the performance measures was also used by one key champion to put pressure on the CEO, as the published data would have a direct effect on perceived legitimacy in public statements.

CER as an input to the Sensemaking Process for CSR

The concept of sensemaking, which has been applied by previous researchers to the uptake of CSR (Maitlis & Christianson 2014; Rouleau & Balogun 2010; Schultz & Wehmeier 2010; Sharma & Good 2013), is examined in a new manner in for CER the present thesis. CER can act as an input to the sensemaking process where it functions a discourse that communicates company rhetoric, policy and targets on CSR, an area that has only recently been looked at in the literature (Richter & Arndt 2016). In the present study, CER in the sensemaking process was found to increase employee understanding of the company CSR approach, and may reduce the likelihood of decoupling CSR initiatives from profit, in turn encouraging change for CSR.

The role of CER in sensemaking appeared to be most effective when it was an input to a sensemaking process with significant tension between the financial objectives of the two organisations and their CSR approach. To a large extent, these had been resolved by taking Hahn, Preuss, et al. (2014) pragmatic approach: that is, putting in place a process that both protected the environment and saved money. However, this approach was reaching an internal limit, as targets were being published that required greater commitment, including a net cost. The Senior Managers were increasingly decoupling the financial and CSR messages, passing on both to Middle Managers with little direction on how to resolve the contradictions. For example, CER targets were applied and requests made for CER data with no associated time or budget to collect that data, nor any process to improve the performance.

At the middle management level, where a pragmatic approach was not available, a sensemaking process was seen to be emerging that essentially accepted these tensions. CER and yearly financial targets were perceived as part of the current 'batch' of senior manager directives. Middle and Junior Managers who were personally motivated for pro-environmental action, or had a sympathetic manager, would respond to the CER policy and targets by taking action. As discussed above, other less motivated managers would adopt a paradoxical approach (Hahn, Pinkse, et al. (2014), which allowed financial and CER targets for CSR to coexist, responding to each in turn or waiting until the priority was made clear. Staff appeared to be quite comfortable with the concept that change initiatives come and go, and that lack of immediate action on a specific initiative generally brought no long-term consequences. If endorsed CER targets and policy had not been an input to the sensemaking process, then the CSR targets would have been dropped. This stance by Middle Managers needs further exploration, as the paradoxical approach has not been widely explored for CSR, nor has the influence of CER.

CER acts as a 'tool' for institutional entrepreneurs and change agents

The CER contained information that was to be utilised by agents to assist in the implementation and ongoing improvement for CSR, and therefore to facilitate its embedding. This is an aspect of the use of CER, that has not been fully explored in the literature. The research for this thesis shows that institutional entrepreneurs and change agents such as those in the sustainability teams and Eco-Champions, used information from the CER to support change for CSR.

The Sustainability Team Leads in both organisations were strong advocates for CSR behaviour change, acting as change agents, in a similar manner as observed in the literature (Vissier & Crane 2010). Both the team leads indicated that they were using the CER to put pressure on their CEOs to improve CSR performance. In Tele1, this was primarily by leveraging the risk-averse culture that induced a 'fear of failure' to meet targets published in the CER. In ICT2, the Sustainability Team Lead, was the primary driving force for CSR in the company, and had used the pressure from the Japanese parent for statements and performance in International CER to assist in creating local CSR policies and monitoring, as well as encouraging the local company to adopt CSR as a market opportunity.

Entrepreneurs for CSR, and change agents, including the sustainability team and Eco-Champions, used the endorsed policies and targets in the CER to encourage staff and managers to take up CSR processes and to justify their own stance and activity for the environment, in a manner not reported for CER in the extant research to date.

CER information and process is important rather than the report itself

The lack of a published CER in Australia for ICT2, and the low awareness of the CER in Tele1, were initially assumed to imply that the CER would have little effect on behaviour. However, the analysis of the interviews revealed that the processes to create policy statements and collect, collate and publish CER information were in place in both companies, and that the information for or from the report was widely published. This observed change for CSR related to the processes and the CER information implies that these elements of CER implementation that have agency to embed change for CSR rather than the report document itself. The information that informed the CER or was collected for publication was also published widely in other forms of communication. The effect of the processes to create this information, the increase in awareness and the commitment to the information published, appeared to be as if not more significant than the report itself. Research to date in the extant literature certainly examines the processes for CER (Hahn & Kühnen 2013; Higgins, Milne & van Gramberg 2015); however, the differentiation between the CER document and the use of information from the report is not emphasised. The fact that the process of the CER have

agency could be of relevance in other organisations that, in common with ICT2, do not produce a CER. Further research into other discourses and publications that use CER-like or data processes should also be investigated, for example indices, as these may have the potential to affect change for CSR.

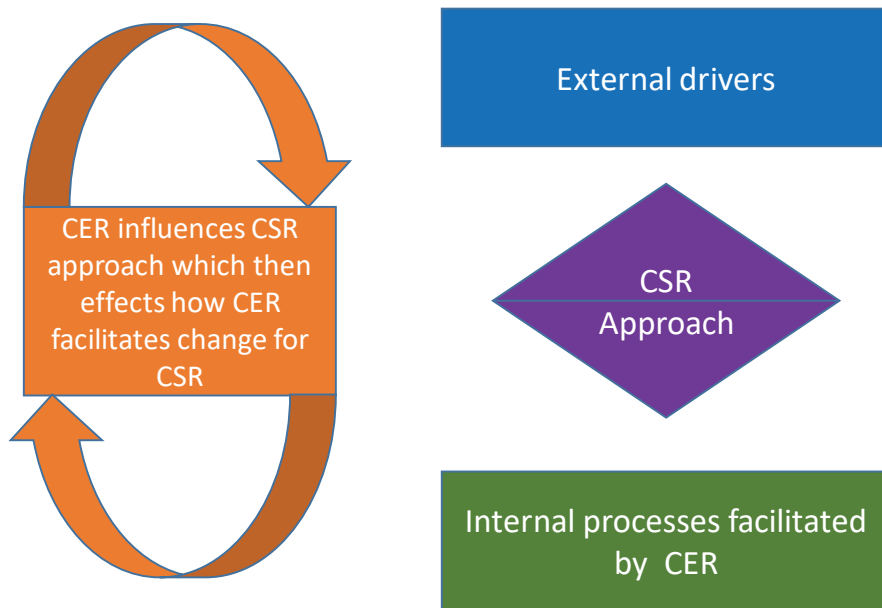
12.2.3 Organisational Field Level Drivers

At the organisational field level, the external drivers of CSR and CER reflect those found in the literature reviews (Aguinis & Glavas 2012; Engert, Rauter & Baumgartner 2016; Hahn & Kühnen 2013), and were studied only to provide context for the organisation, and internally based levels of the present research. The results imply that the ICT industry sector is consistent in this respect with other industries studied. The coercive forces of neo-institutional theory, including government regulation and customer demands for CSR policy and data on environmental performance, were driving the implementation of CSR and CER. The effect of business customers requesting CER information was particularly evident. Legitimacy was confirmed to be a driver of CSR in the study organisations, due to society's expectations of 'good corporate citizenship'. The effect of mimetic, and more limited normative, forces could be seen in the organisations' adoption of CSR and the associated CER. There was an unexpectedly strong influence of benchmarking agencies driving mimetic or even competitive behaviour with others in the industry sector. Both companies were MNEs, and here the influence of the country of the Head Office was seen as a key driver, as would be expected from the literature (Marano & Kostova 2016b).

12.3 Contribution to Research on the Relationship between CSR and CER

The present thesis adds information on the relationship between change for CSR and CER in the ICT sector that suggests that CER and embedding of change for CSR have a relationship across the three levels of the multi-level framework, as illustrated in the diagram in Figure 12.3.

Figure 12.4 - Relationship between CER and CSR approach



The relationship between CSR and CER evident from this study is as a combination of that previously proposed in the literature and some new observations. Overall the results show three categories of relationship which demonstrate how CER can facilitate the embedding of change for CSR, as a catalyst for change for CSR; creating direct process change which improves environmental performance and more complex two-way relationship

- CER as a catalyst of change for CSR

CER was found in the empirical results of this study to act as ‘a catalyst’ for CSR as posited by other research in this arena (Adams & McNicholas 2007; Pérez-López, Moreno-Romero & Barkemeyer 2015; Stubbs & Higgins 2014). However, the results were not entirely consistent with those reported other industry sectors, and therefore, as described above, the present research has added new information on the actions of CER

- CER implementation to create process change that directly results in improvement of CSR processes

As detailed in this chapter implementation of the CER was found to lead direct change in the study organisations, through the setup of internal processes, in a similar manner to that reported for example by Higgins, Stubbs and Love (2014). Where data collection for the CER was a process mandated by management, change for CSR was more likely to be considered a legitimate action amongst staff and therefore lead to the implementation of new processes. The introduction of targets

in the CER, which were published in a variety of forms, did help to “overcome resistance to organisational change” (Lozano, Nummert & Ceulemans 2016, p.13), as staff could understand that a published commitment had been made by their leadership, which should be achieved. This was not, however, always sufficient to overcome the financial imperatives.

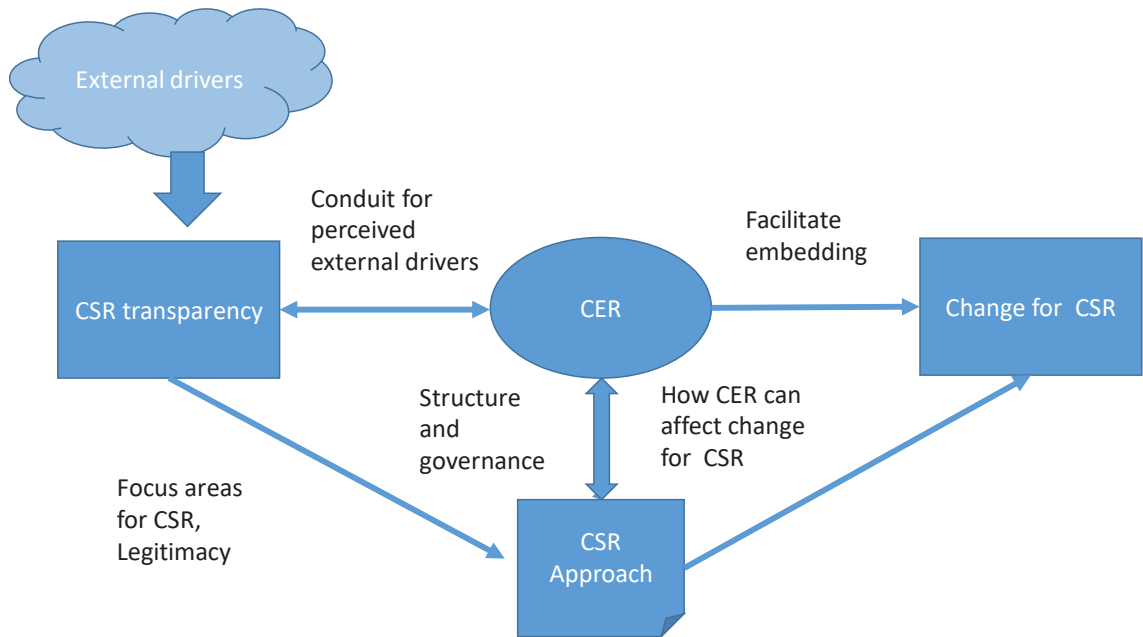
- A mutual relationship where CER and change for CSR are inter-dependant:

The analysis of the research suggests that CER and change for CSR have a complex relationship, that is considered to be two-way. This varies from much of the literature, which examines the effect of CER on change for CSR as a one-way or reciprocal relationship (Adams & Whelan 2009; Lozano, Nummert & Ceulemans 2016; Pérez-López, Moreno-Romero & Barkemeyer 2015; Stubbs & Higgins 2014).

Firstly, a relationship of change for CSR with CER is proposed, where the need to publish CER is based on external pressures for transparency and performance in CSR. This pressure was driven by leaders’ perception of the requirements for CSR of stakeholders and society, as there was an unexpected absence of stakeholder feedback. The transparency created by and for CER then influenced the CSR approach, as it created a need to provide credible policy statements and meet performance targets.

Once developed, this CSR approach then influenced organisational change for CSR and how CER could facilitate that change. This was evident in the two sub cases. Tele1’s risk-averse approach meant that CER data collection and publication was most prominent in areas that ensured compliance with HSE requirements or showed the company as a ‘Good Corporate Citizen’. ICT2 had seen the pressure for transparency as a market opportunity for CSR, and therefore used CER information in part as a marketing tool, meaning that the statements and data collection were more highly focussed on external perceptions than on internal change. The following diagram, in Figure 12.5, illustrates this relationship.

Figure 12.5 – Proposed two-way relationship between CSR and CER



This relationship is reflective of Lozano, Nummertc and Ceulemans (2016) ‘reciprocal’ relationship between CER and organisation change; however, it differs in some important aspects. Lozano, Nummertc and Ceulemans (2016). The authors propose that the publication of the first CER is internally driven, in a similar manner to that seen in the case studies. However, the authors then propose that the feedback on the CER from stakeholders drives changes to CSR and CER, creating a reciprocal relationship. In the results of the present thesis, the need to publish CER was based on the perceived external pressures, which encouraged the development of CSR even in the absence of stakeholder feedback. Once developed, this CSR approach then dictated the internal change for CSR, and therefore how CER could assist the embedding of change for CSR.

Although the nuances of the relationship shown in the present research appear to vary with the shown by Lozano, Nummertc and Ceulemans (2016), the results do support Lozano (2013a, p.64) earlier paper, which states that “reporting does not stand alone within the company system...”; and the conclusion of Lozano, Nummertc and Ceulemans (2016), that:

“process for [CER and change for CSR] are an integral part, and should reinforce, and be reinforced by, the sustainability efforts in the other elements of the company system”.

Lozano, Nummertc and Ceulemans (2016, p.13)

As this thesis examined only one reporting cycle, further research in the ICT sector is required to determine whether a subsequent CER cycle would cause organisations to make change to the CSR or CER. However, given the lack of inclination by the leaders in the sub cases to undertake any formal stakeholder engagement that might limit the choice of what to report, this seems unlikely.

12.4 Management Practice

12.4.1 Observations from Research

- The effect of Indices

During the research on external drivers of CSR, it was clear that one driver, that is, benchmarking surveys and indices, had a much more significant effect than has been reported in the literature. Both organisations’ Senior Managers paid considerable attention to ranking in these surveys. In ICT2, this was perhaps the strongest driver of its CSR performance, based on its aim to be the marker leader. CER processes are an important source of information for these indices.

- Direct Communication

The quantitative review and comments made by interviewees made it clear how important direct communication of CSR policy was for embedding change for CSR. The results show that direct communication from a one-up manager, sustainability team member or institutional entrepreneur was the most significant in the sensemaking process for CSR. This has important implications for CER, as the report itself, as a passive form of communication, is less likely to drive change. The policies and targets from the CER should, therefore, be cascaded to staff via the management structure and the sustainability teams, in order to have the most effect on behaviour.

12.4.2 Assessment of CER role against Success Factors for CSR Embedding

The following Table 12.3 provides a summary of whether CER was seen to assist the study organisations to meet the success factors for CSR as discussed in Chapter 5. The summary provided information on how CER was observed in the present study to facilitate the achievement of these success criteria and so embed change for CSR

Table 12.3 - Assessment of Success Factors for CSR Embedding

Level	Success Factors	CER Effective in Assisting Change	
		Yes/No	Process
Corporate	<ul style="list-style-type: none"> • Connecting CSR vision and initiatives with organisation’s core values and competencies • Formalizing CSR vision through official documents • Considering mistakes as an opportunity to learn and improve CSR programs and policies • Getting key people’s commitment (directors, owners, senior managers) • Engaging participation of key stakeholders in the CSR process 	<p>Yes</p> <p>No</p> <p>Yes</p> <p>Partially</p>	<p>CEO and leadership encouraged to create statements of policy and visions for CER.</p> <p>Not reported in study and unlikely to be supported by CER.</p> <p>CER ‘public’ statements to stakeholders and public commitments to CSR performance resulted in the drive to meet these commitments.</p> <p>Formal external stakeholder process demanded by GRI should have been in place, however neither organisation had completed these. Internally, CER involved most Senior Managers in creating and monitoring processes.</p>
Level	Success Factors	CER Effective in Assisting Change	
		Yes/No	Process

Organisational	<ul style="list-style-type: none"> • Building upon existing organisational structures and process • Ensuring the organisation has internal skills to make the transformation • Training of employees in CSR-related issues • Emphasizing relationships between new organisational behaviour and success • Fostering the presence of moral / CSR champions • Thinking in terms of long-term engagement rather than quick-fix solutions 	<p>Yes</p> <p>Partial</p> <p>Yes</p> <p>Limited</p> <p>Yes</p>	<p>Implementing CER introduces processes to create policies, collect data, measure performance and provide governance.</p> <p>Content of the CER can provide educational material on company CSR polices and CSR in general. This was a fairly limited effect, as the CER document itself was not widely known.</p> <p>CER provides CSR performance targets, which required the improvement in CSR performance in some areas of the study organisations, e.g. warehouse, data centre efficiency.</p> <p>CSR ‘Eco-Champions’ were present. CER supported their activity rather than creating it. Eco-Champions utilised the CER to assist in justifying change through endorsed management policy. Eco-Champion-run projects featured in the CER.</p> <p>CER performance information is historical and the organisations met requirement for longer-term targets, ICT2 for 10 years, Tele1 for 5 years.</p>
Level	Success Factors	CER Effective in Assisting Change	

		Yes/No	Process
Managerial	<ul style="list-style-type: none"> • Creating enthusiasm and credibility around CSR (by providing regular updates on progress) 	Yes	CER, although only published annually, provided the mechanism by which performance data was collected and targets. This information was used in other forms of communication from management, provided as more regular updates.
	<ul style="list-style-type: none"> • Rewarding people that create CSR successes 	No	This was not a function played by CER.
	<ul style="list-style-type: none"> • Recognizing the critical role of leadership 	Yes	<p>CEO and Senior teams were required to make statements for the CER and to commit to performance targets. This had the effect of further committing the leadership to CSR.</p> <p>Sign off processes for CER were a key part of the governance process required of leaders to manage CSR.</p> <p>CER also provided support for leaders, the sustainability teams as change agents, and the self-motivated institutional entrepreneurs, embedding change for CSR. The CER was as a tool to convey endorsed management policy to justify action and direct activity to company mandated targets.</p>

Level	Success Factors	CER Effective in Assisting Change	
		Yes/No	Process
Individual	<ul style="list-style-type: none"> • Beliefs and attitudes are balanced between company and environment • Awareness of CSR, employees know how to undertake environmental tasks • Individual-level feedback including charts in local workplace etc. • Individual-level financial incentives 	<p>Yes</p> <p>Limited</p> <p>Partial</p> <p>No</p>	<p>CER provided information on company policy for CSR and endorsed management policy, which allowed individuals to apply sensemaking to balance CSR and financial imperatives.</p> <p>The targets in the CER directed employees to which tasks to undertake, however limited information on how these would be achieved was provided.</p> <p>Data from the CER, its collection process, were used as a basis to create some charts produced by the Eco-Champions on re-cycling or by suppliers</p>

12.5 Limitations of research

The following are considered the most significant limitations of the research.

The interviews were carried out with internal staff in the study companies, and so did not include stakeholders or any other external perspective. This meant that the examination of the external drivers and neo-institutional forces was completed from the view of the company rather than that of stakeholders. An external view on the credibility of the CER and company rhetoric would have better informed this section.

A single reporting cycle was included in the research, which was conducted over 11 months. This limited the investigation of the processual aspects of CER and, in particular, any feedback processes from stakeholders, internal or external, which could have improved the CER process or content.

The CER was not widely published in either organisation, which meant that much of the research relied on the publication of information from the CER and the processes to collect and collate it. As discussed above, this was less of an issue than expected, as the effect of producing the information for the CER and making it public has a similar effect to that reported in the literature for the actual CER.

Sample and interview bias was considered an issue, for two reasons:

- The sample set contained a high number of Eco-Champions, sustainability team and staff with a pro-environmental bias. This was partially intentional to gain information, and partly because the research was of interest to people who had a personal pro-environmental stance, so they were prepared to take part.
- The researcher was known in both study organisations as being pro-environmental, so interviewees may have been more favourable to CSR in their responses.

12.6 Conclusion

This research aimed to provide information for researchers and practitioners on how CER might be used to facilitate the embedding of CSR, and whether it can be expected to be an effective mechanism for direct process change.

The results have shown that CER has the potential to be used to facilitate change for CSR; however, they also show that it is the process of CER that has agency, with the report document being perhaps less important. Communicating the endorsed senior management policies and targets widely, inside

and outside the organisation, is reported to be an effective way to encourage managers and staff to undertake change that will improve the CSR performance to meet those published objectives. The introduction of processes that encourage the creation of CSR policy at the senior management level, and that introduce monitoring and governance for CSR performance, had a positive effect on the implementation process for CSR. The effect of CER on the sensemaking process, and its use as a tool for agents, make it an important part of the study organisations' change for CSR.

There were two key areas that this research has indicated could be further investigated to enhance understanding of how CER can facilitate the embedding of change for CSR.

The first is how CER acts as an input to the sensemaking process. Information in the CER, including management-endorsed policy statements and 'hard' performance targets, was observed to weigh the sensemaking process in favour of pro-environmental action. This suggests that there is potential for the information from the CER to have an appreciable effect on embedding of change for CSR; and is worthy of further research in other industry sectors and companies.

CER as tool for internal change agents and institutional entrepreneurs is proposed as an area for further research, that has the potential to enhance management practice. The CER, and information from the CER, was shown in this study to be helpful to agents in persuading leaders, Middle Managers and motivated staff, of their management's commitment to CSR performance improvement, and so to justify their own actions and persuade others to implement change for CSR. This finding is novel, and should therefore be confirmed by further research. In practice, CSR teams and leaders should ensure that CSR information and the CER are more widely distributed in order to enhance the embedding of change for CSR.

It is hoped that, by improving the effectiveness of CER to facilitate change for CSR, this may assist in a small way in the reduction the environmental impact of large corporations, which is perhaps one of the most significant issues of our time.

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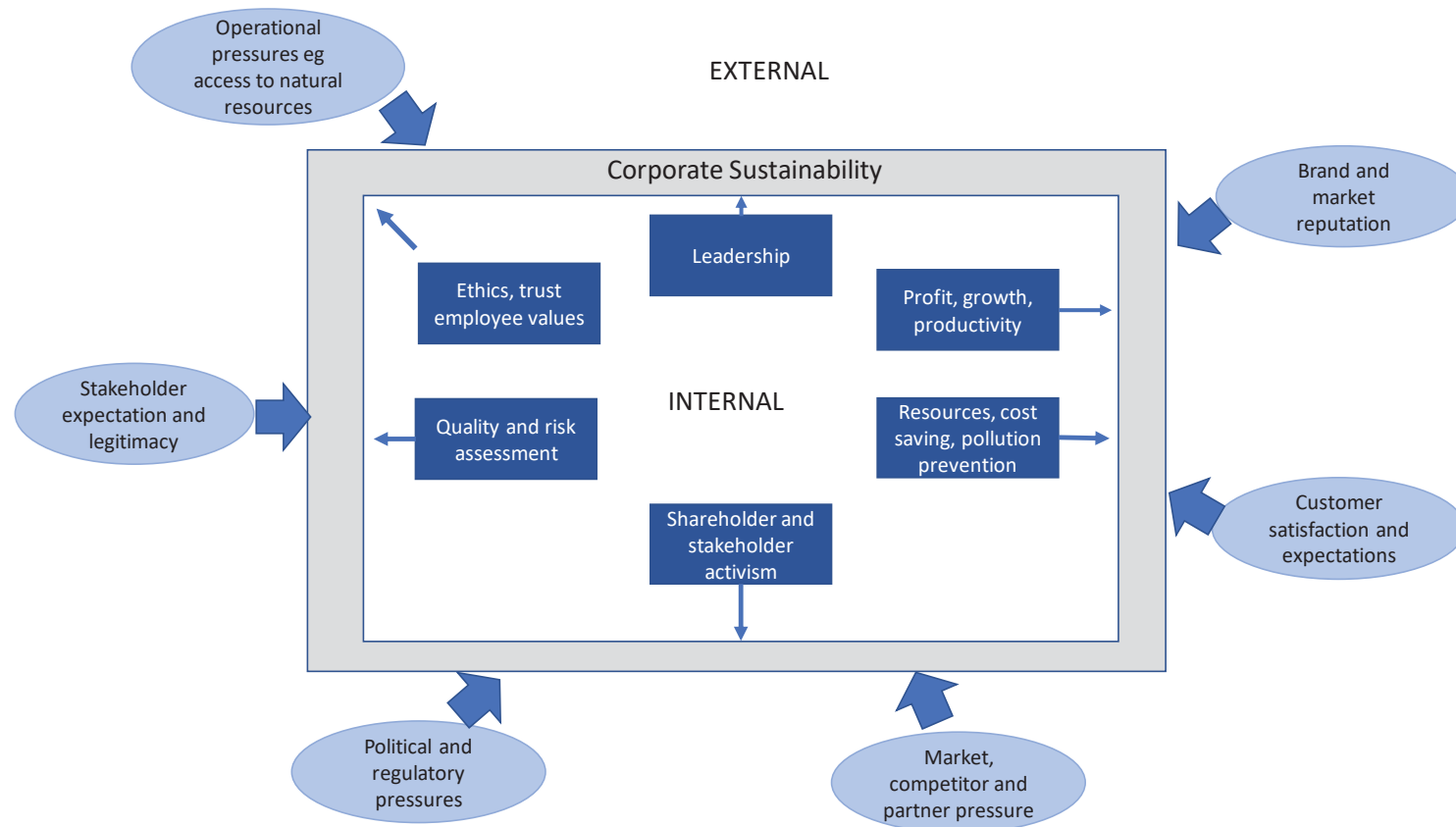
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APPENDICES

APPENDIX 1 - ADAPTED FROM LOZANO (2015) 'SUSTAINABILITY' DRIVERS



APPENDIX 2 - KEY WORD SEARCH CRITERIA

Criteria 1 - Time period

- initially set from 1999 to 2015, with revision in 2016 during the write up period. Stating date was selected on the basis that GRI launched its first guidelines in 1999 triggering “the emergence of sustainability reports” (Kolk 2010 p370)
- Earlier studies were included when referenced from initial search articles or considered as ‘foundation’ papers for concepts which were utilised in the research

Criteria 2 – Defining CSR

- As outlined in Chapter 2 three dimensions of ‘sustainability’ were used as a basis of searching for information on CER and implementation of change for CSR

Criteria 3 – CER Key Words

- “Global Reporting Initiative”, “GRI”, “social report*”, “environment* report*”, “sustainability report”, “CSR report*”, “non-financial report”, “TBL report”, “integrated report”. “environment report”, “NGERs”, “NGERs report”, “emissions report”, “communication CSR*”, “disclosure CSR*”

Criteria 4 – Key Words CSR

- “Corporate Sustainability”, “Corporate Social Responsibility,” “CSR”, “predictors of CSR”, “sustainable business”,

Criteria 5 – Key Words External Drivers

- “Neo-institutional”, “institutional theory”, “determinants CSR*”, “external drivers CSR*”, “organisational field CSR”

Criteria 6 – Key Words Organisation and Change

- “CSR* strategy”, “CSR* approach”, “CSR* leadership”, “CSR* Governance”, “Planned change”, “Emergent change”, “CSR* and change management”. “CSR* and organisational change”. “CSR* change methods”. (Repeated with CER)

Criteria 7 – Key Words Internal

- “CSR* and process change”, “sensemaking”, “CSR* and sensemaking”, “Agency theory”, “CSR* and agency”

APPENDIX 3 - INTERVIEW QUESTIONS

Company attitude to sustainability

1. Are you aware of Tele1's environmental policies and priorities? If so what is your primary source of this information?
2. Some organisations are doing more to protect the environment than other organisations are. In general, do you think Tele1 is doing more than enough/about the right amount/too little?
3. Have you been involved in any company activities to benefit the environment?
4. How do think Tele1 ranks compared to other ICT companies? What about Australian companies?
5. What do you think is driving Tele1 to improve its environmental performance?
 - a. Customers,
 - b. Shareholders
 - c. Government (risk of regulation)
 - d. Society,
 - e. Pressure groups
 - f. Senior manager's attitude?
 - g. Anything else
6. Are you awareness of Tele1 environmental initiatives
 - a. Products
 - b. Promotions
 - c. Internal programs

If so what has caught your attention?

Corporate Environmental Reporting

Section (a)

1. Can you confirm you are involved with environmental reporting ?
 - a. If so in what capacity?
 - b. Are you involved in any part of the process of generating the environmental information in the Corporate Citizenship Report? Any other report?
2. Quantitative Data for Corporate Citizenship Report
 - a. How is data gathered?
 - b. Does a local or business unit team provide data?
 - c. Have any process been put in place to gather data?
 - d. Is there any auditing internal or independent?
 - e. Where is historical data kept/managed?

3. Is data gathering (ie have permanent processes been established)
 - a. Ongoing throughout the year
 - b. Irregular
 - c. Only for report? – for report twice per annum
 - d. Part of an EMS?
4. Is data signed off by managers for inclusion in report?
5. Is there any use of benchmarks for the report?

Setting of boundaries for report

6. Did reporting influence Tele1 's 'commitment' to stakeholders? eg GRI includes stakeholder engagement
7. Is data gathered from
 - a. Subsidiaries
 - b. Suppliers
 - c. Other?
8. Do pre-set boundaries
 - a. Assist Report compilation
 - b. Allow information to be omitted
 - c. Reflect difficulty of getting broader data?

Overall Management Approach

9. Is the report format based on
 - a. Environmental Teams approach
 - b. Senior management team approach
 - c. Marketing team
 - d. Stakeholders input
10. Do other company's reports influence
 - a. management approach
 - b. policy
 - c. procedures
 - d. data gathering
 - e. introduction of EMS

GRI G3 guidelines

11. Is the inclusion of strategy and policy statements
 - a. helpful for report compilation
 - b. influential on content of report
 - c. not helpful
 - d. assisting higher compliance with less hard data?

12. Does inclusion of data on specific areas
 - a. help for report compilation
 - b. influential on content of report
 - c. drive development of appropriate measuring and EMS systems?

13. Does the ability to define own content/ assess materiality assist
 - a. helpful for report compilation
 - b. influential on content of report
 - c. allow avoidance of difficult areas?
 - d. drive development of appropriate measuring and management systems?

How is Corporate Citizenship Report (Environment Section) used?

14. Is report used as
 - a. Communication tool
 - b. Education tool
 - c. Marketing tool
 - d. Purely produced for regulation purposes
 - e. Other

15. How is report presented to staff and stakeholders
 - a. Electronically
 - a. As a whole
 - b. Exerts in communications, on intranet etc
 - c. Other

Corporate Environmental Reporting - Section (b)

1. What would you like to see in the Environment section of the Corporate Citizenship Report?
2. Have you read the Corporate Citizenship Report?
 - a. If so where did you access it?
 - b. How much did you read?
3. Was the report helpful to you for
 - a. education
 - b. understanding Tele1's policy
 - c. understanding Tele1's performance
 - d. your own work
3. Have you been involved in any processes related to environmental reporting
 - data gathering
 - data generation
 - policy generation
 - workshops for staff input??
 -
4. What did you find useful in the report
 - a. Outline of Tele1 priorities and statements from leadership?
 - b. Company performance information on environmental issues
 - c. Information on Projects and initiatives
 - d. Information about stakeholder engagement?
5. Did reading the report help change your attitude/understanding of
 - a. environment
 - b. Tele1's policy on the environment
 - c. The industry sector or stakeholder view on the environments
 - d. Tele1's performance
 - e. The involvement or performance of your own area?
6. Will anything in the report make you
 - a. change your behaviour at work or home?
 - b. get involved in change for the environment?
 - c. Drive an initiative at work for environmental change

- d. Discuss the issues with your team
- e. Discuss the issue with your manager ?

Change management – Section (a)

1. How does Tele1 approach change?
 - a. Directed by senior management
 - b. Directed by middle management
 - c. Run workshops to gain input
 - d. Ask for positives in workshops
 - e. Looks at problem solving in workshops

2. Does Tele1 have regular sessions or systems to get ideas from staff?

3. In current or recent change programs has the approach been
 - a. Management announce change and enact?
 - b. CEO only directs change
 - c. Team approach based on staff ideas

4. How influential are outside forces on organisation change ?

5. Is change accepted as regular pattern or is it sporadic?

Questions on change management – Section (b)

6. Is there education for change? If so what form
 - a. Intranet training or sessions
 - b. Workshops or training courses
 - c. Process training
 - d. Culture/information sessions
 - e. other

7. How is change communicated?

8. Do you feel you can initiate change?
 - a. Process change in your area
 - b. Culture/management change – eg values
 - c. Organisational/structural
 - d. Other

9. Describe the organisation culture
 - a. Listens to staff/Inclusive
 - b. Hierarchical/directive
 - c. mixture

Change for the environment

10. Has there been education or communication on the environment
 - a. On line/intranet
 - b. Workshops
 - c. Training

11. Were these pieces on
 - a. Environmental issues in general
 - b. Tele1's position/initiatives on environment
 - c. Your areas involvement
 - d. Culture or process change

12. Has there been process changes for the environment
 - a. To put in EMS
 - b. Process to benefit environment
 - c. To gather data for reports

13. Is there regular and open reporting and feedback on environmental issues?

14. Have you been involved in any change programs for the environment?
 - a. Is change being driven by senior management
 - b. Is it being encourage by senior management
 - c. Have your managers initiated change
 - d. Have your team initiated change

15. Do you think environment al pressure from outside organisation has made a difference? Is this from
 - a. customers
 - b. suppliers
 - c. shareholders
 - d. stakeholders
 - e. The media
 - f. Government

16. Where do you think these groups get their information on Tele1's environmental performance?

17. Do you think Tele1 is reaching out to other organisations or society on environmental issues?

APPENDIX 4 - METHOD 2 CER ASSESSMENT – CLARKSON SCALE

Panel A: Hard disclosure items					Tele	ICT
	Map to GRI		2002	2006		
A1) Governance Structure and Management Systems (maximum score is 6)			0.78	1.27	1.8	3
1 Existence of a Department for pollution control and/or management positions for environmental management (0-1)	3.1		0.18	0.25	0.5	0.8
2 Existence of an Environmental and/or a Public Issues Committee on the board (0-1)	3.1		0.1	0.25	0.6	0.4
3 Existence of terms and conditions applicable to suppliers and/or customers regarding environmental practices (0-1)	3.16		0	0.06	0.1	0.7
4 Stakeholder involvement in setting corporate environmental policies (0-1)	1.1, 3.1		0.16	0.2	0.6	0.3
5 Implementation of ISO14001 at the plant and/or firm level (0-1)	3.14,3.2		0.33	0.16	0	0.8
6 Executive compensation is linked to environmental performance (0-1)	3.5		0.02	0.16	0	0
A2) Credibility (maximum score is 10)			1.63	2.25	4	3.5
1 Adoption of GRI sustainability reporting guidelines or provision of a CERES report (0-1)	3.14		0.08	0.1	0.9	0.2

2 Independent verification/assurance about environmental information disclosed in the EP report (0-1)	2.2.2.21	0.1	0.1	0.8	0.9
3 Periodic independent verifications/audits on environmental performance and/or systems (0-1)	3.19	0.41	0.41	0.3	0.6
4 Certification of environmental programs by independent agencies (0-1)	3.2	0.14	0.16	0	0.3
5 Product Certification with respect to environmental impact (0-1)	3.18	0.04	0.12	0.2	0.4
6 External Environmental Performance Awards and/or inclusion in a Sustainability Index (0-1)		0.16	0.33	0.5	0
7 Stakeholder involvement in the environmental disclosure process (0-1)	1.1, 3,1	0.08	0.08	0.4	0.3
8 Participation in voluntary environmental initiatives endorsed by EPA or Department of Energy (0-1)	3.15	0.25	0.31	0.3	0.2
9 Participation in industry specific associations/initiatives to improve environmental practices (0-1)	3.15	0.24	0.33	0.4	0.2
10 Participation in other environmental organizations/assoc. to improve environmental practices (if not awarded under 8 or 9 above) (0-1)	3.15	0.14	0.31	0.2	0.4
A3) Environmental Performance Indicators (EPI) (maximum score is 60)a		4.02	6.02	18	35
1 EPI on energy use and/or energy efficiency (0-6) EN3,	4,17	0.41	0.86	4	5
2 EPI on water use and/or water use efficiency (0-6) EN5	17	0.49	0.82	4	2
3 EPI on greenhouse gas emissions (0-6) EN8		0.59	0.98	2	5
4 EPI on other air emissions (0-6) EN9,	10	0.45	0.48	0	4

5 EPI on NPI (land, water, air) (0-6)			0.12	0.14	2	3
6 EPI on other discharges, releases and/or spills (not TRI) (0-6) EN12	13		0.35	0.35	1	2
7 EPI on waste generation and/or management (recycling, re-use, reducing, treatment and disposal) (0-6)			0.29	0.71	1	3
8 EPI on land and resources use, biodiversity and conservation (0-6) EN6,	7		0.45	0.69	2	3
9 EPI on environmental impacts of products and services (0-6) EN14			0.12	0.25	2	3
10 EPI on compliance performance (e.g., exceedances, reportable incidents) (0-6)			0.8	0.88	0	0
A4) Environmental Spending (maximum score is 3)			0.33	0.45	0.7	0.9
1 Summary of dollar savings arising from environment initiatives to the company (0-1)			0.02	0.06	0.2	0.5
2 Amount spent on technologies, R&D and/or innovations to enhance environmental performance and/or efficiency (0-1)			0.06	0.12	0.1	0.4
3 Amount spent on fines related to environmental issues (0-1)			0.25	0.27	0.4	0
SOFT						
A5) Vision and Strategy Claims (maximum score is 6)			2.29	3.04	3.2	3.8
1 CEO statement on environmental performance in letter to shareholders and/or stakeholders (0-1)	1.1,1,2		0.27	0.35	0.6	0.7
2 A statement of corporate environmental policy, values and principles, environmental codes of conduct (0-1)	1.1,1.2,3.7		0.51	0.71	0.6	0.7
3 A statement about formal management systems regarding environmental	3.19		0.55	0.67	0.5	0.8

risk and performance (0-1)						
4 A statement that the firm undertakes periodic reviews and evaluations of its environmental performance (0-1)	3.19	0.37	0.57	0.5	0.5	
5 A statement of measurable goals in terms of future environmental performance (if not awarded under A3) (0-1)	1.2,1.2	0.22	0.2	0.4	0.5	
6 A statement about specific environmental innovations and/or new technologies (0-1)	1.1,1.2	0.37	0.55	0.6	0.6	
A6) Environmental Profile (maximum score is 4)		1.1	1.55	1.9	1.5	
1 A statement about the firm's compliance (or lack thereof) with specific environmental standards (0-1)	GN8	0.76	0.84	0.6	0.7	
2 An overview of environmental impact of the industry (0-1) GN8		0.12	0.22	0.8	0.3	
3 An overview of how the business operations and/or products and services impact the environment. (0-1) GN8		0.12	0.45	0.4	0.5	
4 An overview of corporate environmental performance relative to industry peers (0-1) GN8		0.1	0.04	0.1	0	
A7) Environmental Initiatives (maximum score is 6)		1.12	1.25	1.1		
1 A substantive description of employee training in environmental management and operations (0-1)	3.19	0.2	0.2	0.1	0.4	
2 Existence of response plans in case of environmental accidents (0-1)		0.16	0.16	0.4		
3 Internal Environmental Awards (0-1)		0.04	0.08	0	0.7	

4 Internal Environmental Audits (0-1)	3.19,3.2	0.43	0.39	0.3	0.5
5 Internal certification of environmental programs (0-1)	3.19	0.1	0.16	0	0.4
6 Community involvement and/or donations related to environ. (if not awarded under A1.4 or A2.7) (0-1)	SO1,ec10	0.2	0.27	0.3	0.3

APPENDIX 5 -NEP SURVEY AND SUPPLEMENTARY QUESTIONS

Standard NEP Questions

The NEP survey consists of the following series of questions. Respondents are asked to rate their response on a 5 point scale from Strongly Agree to Strongly Disagree

- We are approaching the limit of the number of people the earth can support
- Humans have the right to modify the natural environment to suit their needs
- When humans interfere with nature it often produces disastrous consequences
- Human ingenuity will insure that we do NOT make the earth unlivable
- Humans are severely abusing the environment
- The earth has plenty of natural resources if we just learn how to develop them
- Plants and animals have as much right as humans to exist
- The balance of nature is strong enough to cope with the impacts of modern industrial nations
- Despite our special abilities humans are still subject to the laws of nature
- The so-called 'ecological crisis' facing humankind has been greatly exaggerated
- The earth is like a spaceship with very limited room and resources
- Humans were meant to rule over the rest of nature
- The balance of nature is very delicate and easily upset
- Humans will eventually learn enough about how nature works to be able to control it
- If things continue on their present course, we will soon experience a major ecological catastrophe

Supplementary Questions

The following two questions were asked as supplementary questions and rated against the same scale

- It is just too difficult for someone like me to do much about the environment
- I do what is right for the environment, even when it takes more time

Two further supplementary questions were asked so as to provide a view on action in addition to intent for pro-ecological behaviour.

- How often do you make a special effort to sort glass or tins or plastic or newspapers and so on for re-cycling?
- How often do you cut back on driving a car for environmental reasons?

Replies were based on four options; weekly; monthly; no access to facilities and no wish to undertaken pro-ecological action.

APPENDIX 6 - STATUS OF CSR IN STUDY ORGANISATIONS

Table A1 below shows that both organisations have progressed beyond efficiency to Strategic Pro-activity however are not yet at the stage where they have undertaken transformational change and so cannot be classified as Sustaining Corporations

Stage	Criteria	Tele1	ICT2		
				Evidence	Evidence
Compliance	Senior Manager appointed with authority	Yes	Sustainability Team Lead	Yes	Sustainability Team Lead
	Evaluated key legislative requirements	Yes	Policies and procedures on websites, contained in reports	Yes	Policies and procedures on websites, reviewed by Dept Heads
	Review existing operations	Mixed	Operational areas as part of role, some other reviews	Mixed	Warehouse and data centre, office outsourced
	Align programmatic changes	Yes	In CER and policies	Yes	In policies and marketing plus international CER
	Create feedback loops in critical areas	Yes	Policies and procedures for all operational areas, weekly meetings and facilities reviews	Mixed	Warehouse, data centre and outsourcing had formal monthly assessments. No other present
	Use auditing body to assess compliance	Yes	In house and external audits in place for operations and CER	Yes	Where necessary audits completed
Sustainable Efficiency	Efficiencies found in periphery or poor performing areas	Mixed	Routine reviews in operations, facilities	Mixed	Focussed efficiency programs on high gain areas and some internal programs eg paper recycling

			dependant on outsourced providers		
	Collate pilot projects and evaluate	Yes	Published in CER and on website	Yes	Published on website as part of targets
	Increase capability development	Yes	Sustainability and reporting teams in place a resource Eco-Champion network	Yes	Sustainability team, Eco-Champion network and education for leaders
	Monitor success and create stories	Yes	In CER and on website	Yes	Website and email communication
	Identify leverage points and generate support	Mixed	Some areas ahead but dependant on will of Dept Heads	Mixed	Focussed on high gain areas (unless blocked by Senior Manager)
	Extend program and work on problem areas	Yes	Weekly reports to Senior Management on CSR	Mixed	Focussed on high gain areas and market product/service development
Strategic Pro-activity	Senior level support based on efficiency stage gains	Yes	Reports to CEO and policy in place.	Yes	Both for saving cost and building product with CSR program for leaders
	Diffusion of strategic goals to all parts of organisation	Mixed	CSR message diffusion reliant on Sustainability team not leaders	Yes	Marketing style messages for CSR widely broadcast

	Allocation of corporate resources to key areas	Mixed	Resources allocated when business case clear or a risk of non performance. Operational areas were proactive	Mixed	Resources allocated to data centres and marketing/sales activity. Some targeted funding available
	Identification of strategic alliances and emerging opportunities	Yes	Customer requests for CSR and Sustainability team driving opportunities	Yes	CSR market leadership key driver for ICT2
	Accreditation program	Yes	In operational areas, training where needed and use of assurance	Yes	In operational areas, training where needed. High focus on industry 'indices'
	Strategies reviewed for performance	Yes	Weekly and in CER	Yes	From a business case perspective and for Japanese Head Office
Sustaining Corporation	Build on previous capabilities from early stages	Mixed	Operational areas or if customers require. Not systemic	No	No formal review process in place
	Focus on large scale cultural change	No		Mixed	Head Office culture change program included CSR. Not a local focus
	Use external parties	Limited	Market research used to try to drive leaders	Limited	Outside ran education sessions on CSR
	Invest in product redesign and customer education	Limited	Some efficiency initiative in data centre for customers	Yes	Marketing Green IT a strategic position

	Diffuse sustaining practices outside company	Limited	Initial effort on CSR requirements for suppliers	Limited	Focus on benchmarking and market to prove leadership
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