Corporate Responsibility in New Zealand – A Case Study

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This paper is published in ‘Something To Believe In: Creating Trust in Organisations: Stories of Transparency, Accountability and Governance’ edited by Rupesh Shah, David Murphy and Malcolm McIntosh, Sheffield, UK: Greenleaf Publishing. Published October 2003.
Abstract

In spite of its “clean, green” image and radical adoption of economic and public-service reforms in the 1980s, New Zealand’s initial uptake of Corporate Responsibility (CR) has been slow, as no legislator or investor imperatives exist. We have been working for over two years with corporates keen to make the CR journey and our observations on their development are presented as a case study of companies working individually and together. A framework is presented relevant to the development of corporate responsibility that provides a basis for interpreting observations. At present most companies in this study are at various levels of weak sustainability and it is possible to use the framework to track a company’s progress and success in adaptation through practical measures. At this stage it is unclear what will increase the uptake of CR philosophy and mechanisms in organisations that do not see themselves as early adopters.

Keywords New Zealand, Sustainable Development, Corporate Social Responsibility, Framework for Corporate Responsibility, Business Reporting
The relevance of corporate responsibility (CR) in New Zealand is reviewed, and in particular its development within two groups of organisation: one a Redesigning Resources Group formed in 2000 to bring the principles of natural capitalism to the core of their operations, and the other, one that pursued Sustainable Development Reporting (SDR) individually with support from the New Zealand Business Council for Sustainable Development (NZBCSD). From this a framework model is developed based on Landcare Research’s experiences as champion, practitioner and facilitator, with an indication of progress to date. Although the organisations accept they are still in the early stages of a long process, CR thinking is slowly becoming more embedded within the corporate mindset (Note 1). However, a variety of approaches are being adopted and it is useful to see these as part of an overall journey in order that key learning points can be used to influence others. To achieve this it is important to:

- understand the New Zealand context
- examine experiences to date
- classify the common elements of the organisations taking up the CR agenda
- present a framework of CR experiences to date, which shows activities that demonstrate shifts from the “Business as Usual” situation, and then
- assess progress to date, and if possible,
- assess what key drivers and inhibitors will influence uptake of the CR agenda.

Our study excludes, at this stage, the public sector. Such organisations are influenced by current Government thinking, as articulated in the development of the new Local Government Act in December 2002, which includes many aspects of sustainable development as its driving philosophy and is supported by the Government’s Approach to Sustainable Development (MfE 2002; MED 2003).

A. The New Zealand Context

New Zealand has a small population (about 4 million) and low population density, and its major export earners – agricultural products and tourism (about 20% and 9% of GDP, respectively) – have strong associations with the natural environment. It has one of the highest rates of renewable energy (mostly hydro and geothermal) supply in the developed countries (30% of consumer energy, compared with 6% for Australia and the USA) and 63% of electricity generation was from renewable sources in 2000. However it is unclear whether or not this “clean, green” image of New Zealand has extended to corporate responsibility.

Legislation has not been a significant driver for corporate responsibility. Instead New Zealand was perceived as a pioneer of deregulation, and its public-service reforms in the 1980s were monitored with keen interest overseas (Kelsey 1995). This has resulted in one claim that New Zealand is the fifth least regulated economy in the world. Ref.? A typical viewpoint from the business community is that “the business of business is business” (Henderson 2001). Environmental quality, by this call, is the realm of government and legislation, not the responsibility of business. However, more-recent commentators have been critical of the dominance of such economic thinking and suggest that it “precluded consideration of sustainable development as a way of future growth for New Zealand“(PCE 2002: page 79).
New Zealand also has a high reliance on small-to-medium-sized enterprises, with 66% of the workforce working in local units with fewer than 50 employees (Statistics New Zealand 2002). Small companies, with their limited resources, have not had the natural environment “on the radar” even (at least beyond legal compliance), far less social responsibility. It also appears that corporate New Zealand is not responding quickly to the new global wave of CR reforms that have developed over recent years (Milne et al. 2001). There has been criticism from differing interests that much of the activity to date has been either misguided (Henderson 2001) or “tokenism” rather than true sustainability (Milne et al. 2000; Gray & Milne 2002).

However, New Zealand is noted for its flexibility, lack of bureaucratic inertia, and willingness to innovate. It is also accepted as having very low levels of corruption at the governance level (Transparency International 2001). These attributes should be conducive for rapid uptake of CR assuming the concept is fully understood and accepted. Support is gaining momentum as awareness of the environmental, social, and cultural issues improves and the complexity of adequate governance responses becomes better understood (Bebbington & Gray 2001). This support arises, in part, from the robust, though mostly traditional, corporate governance models that have proved successful in responding quickly to the deregulated environment following the economic reforms of the 1980s. The New Zealand response to the global trend in corporate social responsibility and the possibility of achieving paradigm shifts due to the relative ease with which it can adapt to change should provide learning points of wider relevance.

B. Case Study: New Zealand Companies

Government and business in partnership, through facilitated working groups, have supported experiments with Triple Bottom Line (TBL) reporting (Higgins 2001). Landcare Research’s experience as champion, participant and facilitator within two such groups, the Redesigning Resources (RR) programme, and the NZBCSD’s Sustainable Development Reporting (SDR) Group, is examined with a view to determining both the drivers and process of uptake of CR in a strongly deregulated corporate environment, dominated by small to medium-sized companies.

The RR programme involves a group of New Zealand companies that aim at “growing the economy while healing the environment”. The group has been largely self-funding with some Government support and includes the five companies that are part of this study plus three others. Together they represent a broad cross-section of the economy, including manufacturing, retail, utilities, and professional services (Note 2). The companies were initially motivated by “Natural Capitalism” principles (Hawken et al. 1999) to redesign their organisations, services, and products. Some also found The Natural Step to be a valuable agent for change. Well-articulated statements of buy-in from top management supported all of the companies as they undertook the two-year programme. This was an essential success criterion for change. There was also a prospect of market advantage nationally in being an early adopter.

The NZBCSD is a coalition of about 40 leading businesses united by a shared commitment to sustainable development and is a partner organisation to the World Business Council for Sustainable Development (Note 3). Its SDR project in 2001–02 to develop a business guide for sustainable development reporting in ten member
companies has included companies ranging from Telecom (New Zealand's largest listed company) and BP Oil to Interface Agencies, a business with only eight employees. A further project, to form an SDR Learning Group of companies, was established in February 2003 around Auckland.

The companies

Of the private sector companies in these two groups, four (The Warehouse, Hubbard Foods, Snowy Peak / Untouched World, Macpac) started as director-owned / owner-operator companies and so change could come relatively easily from the Board level to management. One company, the Warehouse, has become New Zealand’s fourth-largest publicly listed company. Successes on the road to sustainability have been significant – The Warehouse’s energy management programme declared savings of US$1.5 million per year, which enabled it to reduce its greenhouse gas emissions. One other owner-director company, Hubbard Foods – a producer of breakfast cereals, has achieved a niche through marketing of a “wholesome, home-made” product, and the company took a full-page spread in the main daily newspapers to publish its first Triple Bottom Line report in 2001.

Landcare Research, on the other hand, is a Government-owned, tax-paying company, which provides science “to make a difference for a truly clean, green New Zealand”. Because sustainability is its core business, it has become a leader of CR issues nationally (Note 4). Its first formal TBL report (2000) was ranked 14th in the world for quality, and the 2001 Annual Report was ranked 22nd by Global Reporters, the international benchmark survey of corporate sustainability reporting. Landcare Research sensed the time was right to adopt the CR mandate and that it was strategically important for its credibility to be seen to be doing so. Indeed, for Landcare Research, travel on the path towards sustainability has been a long one (more than 10 years) and one at the very heart of its corporate mission (“research…specialising in sustainable management of resources for production, conservation, business and community”). Aspects of this have been documented (Bebbington 2001), showing that practical attempts to develop a sustainable-cost-calculation methodology within the company failed initially. Only when it was understood that “if business and society are to undertake a sustainable development path, it will not be business as usual” was it possible to conceptualise the model to provide meaningful results.

Other public sector organisations have CR objectives as part of their overall mission. For example, Orion New Zealand is a local-government-owned electricity network operator that actively encourages renewable energy and has reduced peak electricity demand on the network. This is part of the company’s 10-year drive to implement energy-efficiency programmes to reduce the need to construct new power distribution facilities, thus creating environmental and financial benefits. The Recovered Materials Foundation, a not-for-profit organisation owned by local government, has goals based on a fundamental change in resource use at the “end of the pipe” by recovering materials from the waste stream and processing them to add value and become marketable products.

Together the RR and SDR groups can be differentiated from many other organisations in that they are driven by some form of governance agenda committed to sustainable development and, as such, all are termed as “early adopters to CR” in the New Zealand context.
At the start of the programmes, transparency, accountability, and governance mechanisms reflected the ownership of the companies and their principal stakeholder expectations. The privately owned companies had no public reporting requirements, while the state-owned companies had a combination of financial and some non-financial reporting (e.g., accidents, staff productivity). The Warehouse, for example, produced a conventional annual report with minimal CR reporting until 1999. Corporate accountability was to shareholders in all cases, and few if any Board and management roles explicitly focused on CR issues. All the organisations produced financial accounts to owners (either public or private) and to shareholders. Triple Bottom Line (TBL) reporting did not exist and there were no explicit CR roles for Board or management and no CR policies. Only one organisation had a written guiding philosophy and an environmental policy.

Since 1999, considerable national interest has developed in corporate responsibility, driven in part by the political agenda surrounding the Kyoto Protocol and other “green” issues and partly by an increasing sense that this is an important global agenda. Initial responses therefore focused on matters such as fossil fuels, greenhouse gas emissions, solid waste, recycling, hazardous chemicals, and so on. The RR programme focus expanded to cover the wider issues of accountability, governance, and transparency, in a climate polarised between accepting the challenges of redefining CR and defending the status quo. Interest focused both on TBL reporting and on aspects of sustainable development as a tool for:

- increasing public transparency
- discharging accountability to stakeholders, and
- driving review and enhancement of corporate governance and non-financial performance.

Drivers and facilitating factors

All the companies have a brand image as forward thinking and as early adopters of change. They are in marked contrast to many other organisations that are much more conservative in their management culture. The willingness to lead change and therefore expose their companies to risk came in all cases from the chief executives or managing directors. Key drivers for subsequent change included:

- CEO and Board support for CR both as a commercial opportunity and a public duty
- consideration of key stakeholder interests that were not previously articulated
- the goal of TBL reporting, which created a focal point and time frame for action
- the ability to derive practical measures and initiatives based on global and local issues
- increasing the level of accountability for activities through transparent measures (e.g. energy usage, travel per employee, etc.) as a practical means of embedding understanding and practice.

Although they all experienced blockages in progress, a key catalyst for CR was external facilitation of internal developments and migration of ideas across organisational boundaries. Facilitation of opportunities for the organisations to learn collaboratively was equally valuable. By establishing high levels of trust on top of
existing corporate commitment, the facilitators were able to develop the companies' reputations as sustainable development leaders and create an environment conducive to change. However, this change took time to overcome the inertia of existing structures. Often organisational strategies had remained static either through repeated measurement of traditional, mostly financial parameters, or through lack of any meaningful measurement at all. For corporate responsibility to be increasingly incorporated into the business paradigm, an organisation must also be seen to improve performance. This required organisations to derive parameters to measure new aspects of performance that demonstrated these changes. In some cases, as with energy, this relied on existing data presented in new ways. In other cases, such as distance travelled per employee, it required finding data and presenting it in ways that had not been part of a traditional financial accounting approach. One company, Landcare Research, recorded a scientist's annual footprint including, among other things, the fact that an average scientist used 6900kWh of energy for heating, lighting, and operating equipment; got through 1.7 kg of coffee; used 6300 sheets of paper and recycled an equal weight of paper; and also contributed more than seven full days in socially responsible activities to science societies, students, and the public.

Initial changes in the companies were through top-down mandates. This was easier in cases of owner-directors (The Warehouse, Untouched World, Macpac and Hubbard Foods). But a loosening of this is taking place over time in most companies, with the emergence of management-level practices that are embedding an acknowledgement of CR at all levels in the organisation (though not yet universally). As this becomes more part of accepted practice, there is also an acknowledgement by managers of the increasing complexity of the issues and the need to involve staff, suppliers and other stakeholders in the decision-making processes around CR. This includes the understanding that it is indeed a journey (and not a specific destination) and with that comes both a sense of excitement about new possibilities and the realisation that it is an unending task. This is further tempered by the increasing complexity that accompanies every decision. Or as one CEO put it: “I can’t even eat raspberries without feeling guilty about the plastic wrapping”.

What changes were implemented?

As a result of the programme, in which the companies worked together, all the organisations have produced public Triple Bottom Line reports. Each has increased its perception of stakeholder accountability, though the level of interaction with stakeholders varies considerably among the group – from frequent and formal in some cases to much less prescriptive norms for the smaller companies. All provide speakers on CR at a range of public events. The implementation of CR programmes has also been varied, with no particular pattern emerging. However, since their second conference in 2002, the RR companies have identified the importance of identifying and championing specific causes as a group in order to gain more momentum. The single issue most likely to be pursued is ethical purchasing through both guidelines and in action (e.g. a common fuel-purchasing policy, something likely to gain considerable publicity in New Zealand’s small marketplace). All have begun the governance process of implementing policies for environmental and social issues. Some have developed explicit Board and senior management responsibilities for CR issues.

The measures adopted by the RR companies are summarised in Table 1. These are viewed as important steps on the sustainability pathway. The initial positive results
show there is a momentum towards change with a range of key drivers and change agents. It is also noted that the bulk of these changes are largely concerned with natural capital, which perhaps underpins each company’s focus on a “clean, green” image, though this appears to be becoming more inclusive of social and cultural issues with time, such as the adoption of an ethical purchasing policy by the RR Group.

INSERT TABLE 1

What was our role?
Throughout this period we have been a mix of facilitator / co-learner / participant / access point to international best practice. This has given us a unique vantage point and, through our networks, we have drawn together learning points from our experiences and distilled these into the framework given below. As with our other human-dimensions work, this is loosely based on action-research/participatory methods. As noted earlier, this facilitation role was seen as a key factor in progression beyond “business as usual”. Because of the commercial aspects of the businesses involved, it has not been possible to witness the processes behind governance issues, but the level of interaction has been such that key learning points have been drawn out. This has required a high level of trust and feedback, which should enable us to continue to monitor developments.

C. Generic Framework

A framework for CR has been developed from our experiences with the RR and SDR programmes and other companies, and our understanding of the literature. The New Zealand Framework relates changes in governance, transparency, and accountability to stages in the “sustainable development journey” (Table 2). Although derived for the New Zealand situation, which is relatively deregulated and dominated by small-to-medium-sized enterprises, the model complements experiences reported elsewhere (Holliday et al. 2002). The framework describes different business paradigms, from “business as usual”, through to “restoration of capital”, as stages in the CR journey. At each stage we describe observed levels of sustainability practice, governance approach, transparency, and accountability. Through lack of external imperatives, or lack of resources, many smaller companies operate towards the left of the spectrum. In the absence of regulatory or market pressures, corporate movement towards the right of the spectrum is likely to result from a search for innovation and market renewal, a desire to improve relationships with key stakeholders, and an ethical viewpoint taken at a senior level in the company. The framework serves the purpose of orienting a company within its sustainable development journey. A company may chart its position and direction within the framework, and use it to set goals.

INSERT TABLE 2

Our framework complements, at a practical level, a number of current initiatives and models (Figure 1):

- The L.E.A.D.E.R. model developed by Nelson et al. (2001), which proposes six principles for high-performing boards and a diagnostic framework to address TBL issues more effectively (Note 5).
• The systemic approach to sustainability presented by Robèrt et al. (2002), which relates commonly implemented sustainability activities to an underlying framework of natural system conditions.

• The Global Reporting Initiative 2002 guidelines (GRI 2002), which encourage reporters to engage with stakeholders and review governance mechanisms.

• The AccountAbility AA1000 process (AccountAbility 2002), which integrates stakeholders into the processes of governance and transparency.

• The Social Venture Network Standards of corporate social responsibility (SVN 1999), which creates generic practices and measures from a set of principles.

It is recognised that while they may proceed at different speeds, the processes of transparency, accountability, and governance are clearly interrelated. The contention, at the outset of both the RR and SDR programmes, was that TBL reporting and transparency would drive changes in accountability and governance. We observed that:

• commitment to transparency necessitated a consideration of accountability, in terms of identifying key stakeholders and assessing their information needs

• transparency and accountability together necessitated changes in governance, to implement and embed in the company, new policies, responsibilities, and measures

• commitment to changing governance (e.g. towards the goals of Natural Capitalism, or The Natural Step) can translate into greater accountability or transparency that may take years to deliver.

Interviews were held with each CEO two years after the start of the RR programme (Prain 2002) to determine the learning from the programme. Responses included the following:

• Government and companies need to give responsibility and opportunity for people to resolve issues within a common, consistent framework that is minimalist in nature – the principle of subsidiarity.

• Collaborative learning does work for organizations tackling CR from within; formulaic corporate statements do not.

• In New Zealand’s deregulated regime, early adopters take risks but can create a market niche through claiming benefits of sustainability approaches.

• Ability of small-to-medium-sized businesses to make progress is compromised by resource availability and a focus on short-term survival.

Structural Impediments to change, however, have only been partially recognised as a requirement at this stage and this may well prove to be a barrier for transition to strong sustainability.

At a practical level, tools are needed to support the change process and these include:

• self-assessment methods for businesses to chart their sustainable development journey and decide which actions to take
• guides through the process of transparency: TBL reporting and other CR mechanisms

• support in the facilitation processes to engage stakeholders, determine strategy, and embed organisational change

• linkages to international initiatives (GRI, AA1000, The Natural Step, SVN, etc.).

At present most of the companies in this study are spread around the weak sustainability stage with some making faster or more consolidated progress than others. Progress beyond this is likely to take time, though some companies from within the group are providing leadership. However, while “early adopters” may be progressing, it is not yet clear how long, or by what means, there will be a shift in the “laggards” or “resisters”. We believe that New Zealand will advance this agenda with increasing speed following its ratification of the Kyoto Protocol in December 2002 and the announcement of a Government Sustainable Development Strategy policy, also released in late 2002. These declarations of national intent are raising the profile of sustainable development issues within the private sector.

D. Observations as Facilitators

The case of one company best illustrates the CR issue in New Zealand. The Warehouse was founded by Stephen Tindall in 1982, with one store and US$20,000 capital and is now New Zealand’s largest merchandise retail chain offering value for money and a product range that is both accessible and affordable. It has over 11,500 staff and last year had sales of almost US$1000 million, which comprised 45% of the department store sector with over 825,000 customers weekly. Stephen Tindall notes that Sustainable Development reporting has been “a valuable learning process leading to [our] first triple bottom line report in 2001. As a result of this report (and the reported activities) The Warehouse was selected as a FTSE4 Good Developed Index Constituent. This means that a number of large ethical index funds now must purchase Warehouse shares. As a direct result The Warehouse share price increased by about 5%.” (NZBCSD 2002). He also acknowledges “the most important aspect of The Warehouse’s success has, unquestionably, been its ‘people first’ philosophy”. This excellent economic performance is coupled with the development of packaging policies, a strong emphasis on recycling and increasing social awareness. In terms of our framework, The Warehouse can be placed in the middle of “weak sustainability”, though progress from here is likely to require more radical changes in consumer behaviour. This is recognised by Stephen Tindall as likely to be both very long and difficult, though likely to be assisted by The Warehouse’s people-focus and development as a learning organisation, as highlighted in their Annual Report 2002 and TBL Report 2002 (The Warehouse Group 2002a, 2002b).

E. Future Directions

To date much of the method of inquiry has been subjective and no attempts have been made to include formal assessment either of progress or the model proposed. With more organisations becoming involved and with national strategies being proposed, there is a need to develop baseline data of perceptions and attitudes to CR. Also needed is for CR to feature in training for senior managers and directors and to become more part of the overall governance agenda.

We developed a set of indicators of CR activities as highlights on the CR journey, to
provide a vision for progress (Table 3). While it provides a draft for the future, it sets neither a time frame nor a quantitative set of indicators for progress. Indeed the practical specification of “Restoration” remains unclear at the practical level and is likely to be some years distant.

At this stage it is also unclear what will increase the uptake of CR in organisations that do not see themselves as early adopters. Although there is increasing inclusion of sustainable development principles in government legislation and a sense that more companies are switching on to the need to be seen to be involved in CR, there is little formal documentation or review of the process. It is our belief that, just as facilitation proved to be a critical factor in initial development of business reporting, participatory evaluation of progress will be essential. We anticipate more “conversation and demonstration” type projects to be adopted within corporate sectors and within local government. Also while progress to the “weak sustainability” stage could be fast, progress beyond that will be slow until organisations seize upon redesigning as a means of delivering strong sustainability. We also anticipate that progress will rarely be smooth even if triggered by some, unforeseen, external event to precipitate a shift in attitudes.

INSERT TABLE 3
Notes

1. In the context of this paper we define CR to be a generic term covering sustainable development, corporate social responsibility, corporate citizenship and overall corporate performance in its widest context including development of Triple Bottom Line (TBL) reporting.


4. Landcare Research Annual Reports (2000/01 and 2001/02 reports were ranked first in various categories at the Institute of Chartered Accountants, New Zealand Annual Report Awards) are available from www.landcareresearch.co.nz

5. The L.E.A.D.E.R. model (Nelson et al. 2001) proposes a diagnostic framework to make TBL issues more effective and six principles for high-performing boards:
   - Leadership: Taking ownership of the TBL agenda
   - Engagement: Bringing the outside in
   - Alignment: Achieving coherence between policy and practice
   - Diversity: Fostering independent thought and creativity
   - Evaluation: Measuring and rewarding TBL performance
   - Responsibility: Ensuring that the buck stops at the Board.
References


<table>
<thead>
<tr>
<th>Table 1. Key Measures Adopted by RR Companies</th>
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<tbody>
<tr>
<td><strong>Measures Adopted</strong></td>
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<tr>
<td><strong>Transparency</strong></td>
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<tr>
<td>Landcare Research¹</td>
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<tr>
<td>• TBL reporting with strong stakeholder involvement. Union and key customers contribute to TBL reporting. Quality of TBL has been recognised through domestic and international awards for TBL reporting.</td>
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<tr>
<td>Macpac²</td>
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<td>Adopted a Natural Step process specific to the company. Key supplier sustainability assessments including new suppliers. Regular sustainability news to staff.</td>
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<td>Orion²</td>
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<td>Snowy Peak/Untouched World²</td>
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<td>The Warehouse Group³</td>
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<tr>
<td>Annual TBL reports since 2001. Staff surveys every six months. Introduced sustainability to schools through a partnerships programme.</td>
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</tbody>
</table>

¹ Landcare Research (2002)  
² Prain (2002)  
³ The Warehouse Group (2002a, b)
Table 2. The New Zealand Framework for Corporate Responsibility

<table>
<thead>
<tr>
<th>Increasing Corporate Responsibility</th>
<th>Business as Usual</th>
<th>Risk Management</th>
<th>Weak Sustainability</th>
<th>Strong Sustainability</th>
<th>Restoration</th>
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<td><strong>Governance</strong></td>
<td><strong>Paradigm</strong></td>
<td><strong>SD Penetration at Board Level</strong></td>
<td><strong>Focus and Framework</strong></td>
<td><strong>Sustainability Approach</strong></td>
<td><strong>Focus and Framework</strong></td>
</tr>
<tr>
<td>“Maximise financial return to shareholders”. Very competitor focused Audit Committee</td>
<td>Risk and Audit Committee</td>
<td>Financial focus</td>
<td>• “End-of-pipe” solutions</td>
<td>• “Front-of-pipe” solutions.</td>
<td>“No-pipe” solutions</td>
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<tr>
<td>• Legislative compliance: Health and safety, toxic emissions, product safety, etc.</td>
<td>Director of SD/CSR</td>
<td>“Better-pipe” solutions</td>
<td>• Eco-efficiency in some products and processes</td>
<td>• Framework of social and environmental principles.</td>
<td>Business redesign</td>
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<tr>
<td>“Not doing bad”</td>
<td>Whole Board is SD focused</td>
<td>“Doing well by doing good”</td>
<td>• Staff development</td>
<td>• Resource substitution.</td>
<td>Restoring nature, Bio-mimicry</td>
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<tr>
<td>“SD /CSR embedded”</td>
<td>Whole company is SD focused</td>
<td>“SD /CSR embedded”</td>
<td>• Community donations</td>
<td>• Product/service redesign.</td>
<td>“Restoring social, human, and cultural capital</td>
</tr>
<tr>
<td><strong>Reporting Style</strong></td>
<td><strong>Accountability Focus</strong></td>
<td><strong>Transparency</strong></td>
<td><strong>Stakeholder Focus</strong></td>
<td><strong>Stakeholder Focus</strong></td>
<td><strong>Accountability Focus</strong></td>
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<tr>
<td>Annual report dominated by financial statements. Usually glossy, with good-news stories Shareholders/Owners</td>
<td>Shareholders/Owners Stakeholders “at risk” Regulators</td>
<td>Shareholders/Owners Stakeholders “at risk” Regulators</td>
<td>Previous plus staff, staff families, community</td>
<td>Previous plus suppliers, customers, unions</td>
<td>Financial performance / Share price</td>
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<td>(may include health &amp; safety)</td>
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<td>Financial performance / Compliance</td>
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<td>Stakeholder engagement / Efficiency gains</td>
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<td>Stakeholder integrated / Eco-design</td>
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<td>Continuous, stakeholder-specific dialogue through various channels of communication</td>
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<td>Previous plus government policy-makers and non-government organisations and community-based organisations</td>
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<td>Radical redesign</td>
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<td>Design for sustainability</td>
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<td>Principles</td>
<td>Weak sustainability</td>
<td>Strong sustainability</td>
<td>Redesign</td>
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<td><strong>Risk Management</strong></td>
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<tr>
<td>Governance</td>
<td>Managing outputs; Manage adverse effects at &quot;end of pipe&quot;</td>
<td>Managing inputs; Managing adverse effects through &quot;a better pipe&quot;</td>
<td>Managing outcomes; Manage adverse effects at &quot;top of Pipe&quot;; Continuous improvement</td>
<td>Integrative management; Redesign to eliminate &quot;the pipe&quot;; Learning organisations</td>
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<tr>
<td>Ethics</td>
<td>Anti-bribery policies.</td>
<td>Code of Ethics; Green Purchasing</td>
<td>Ethics Committee; Ethical purchasing</td>
<td>Ethical education for stakeholders and shareholders</td>
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<tr>
<td>Accountability</td>
<td>Media management (good news stories)</td>
<td>Triple Bottom line Report produced in-house</td>
<td>Performance evaluated by external stakeholders / third-party organisations</td>
<td>Stakeholders involved in strategy &amp; decision making</td>
<td></td>
</tr>
<tr>
<td>Employment Practices</td>
<td>Staff profit share based on financial performance; Employee health checks;</td>
<td>Company funded health care, childcare, other work/life initiatives; Employment of disadvantaged in local community</td>
<td>Re-training; Re-employment schemes for redundant staff</td>
<td>Re-distribution schemes; Reducing redundancy through skills for life.</td>
<td></td>
</tr>
<tr>
<td>Business Relationships</td>
<td>Supplier and clients; Competition focussed</td>
<td>Stakeholder advisory groups; Supply chain influence</td>
<td>Supply chain partnerships with customers and suppliers</td>
<td>Supply chain redesign</td>
<td></td>
</tr>
<tr>
<td>Products and Services</td>
<td>Money back on faulty products. Recall of products for health &amp; safety risks.</td>
<td>Zero solid waste product take back; Environmental and CR labels on products; Recyclable packaging</td>
<td>Petrochemical free products; Brand strongly supports sustainability.</td>
<td>Biologically-based processing</td>
<td></td>
</tr>
<tr>
<td>Community Involvement</td>
<td>Sponsorship and donations to improve company profile</td>
<td>Community group mentoring; and sponsorship reflect CR strategy</td>
<td>Joint-ventures with community groups to promote socially progressive causes</td>
<td>Capacity building for community groups</td>
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<tr>
<td>Reporting Indicators</td>
<td>Health and Safety statistics; compliance with environmental consents. No Targets.</td>
<td>Resource efficiency, CO₂ footprint, donations, staff survey. Targets provided though not historical trends.</td>
<td>Measures to manage key performance of importance to company and stakeholders.</td>
<td>Progress to achieving redesign. Measures of positive influence in sector, supply chain, etc</td>
<td></td>
</tr>
</tbody>
</table>

Table 3: Indicative Corporate Responsibility Activities to Progress from Business as Usual
Figure 1. The New Zealand Framework of Corporate Responsibility

Sustainability approaches (Robèrt et al. 2001)

LEADER governance model (Nelson 2001)

Global Reporting Initiative 2002 guidelines


New Zealand Framework

<table>
<thead>
<tr>
<th>Governance / Sustainability Model</th>
<th>Business as Usual</th>
<th>Risk Management</th>
<th>Sustainability weak/strong</th>
<th>Restorative</th>
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<tbody>
<tr>
<td>Transparency</td>
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<td>Accountability</td>
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