This is the published version of:


PERMISSIONS

Permission has been granted by the copyright holder to deposit this published version as Open Access in the USC Research Bank. Open Access research is digital, online and free of charge, and is made possible by the consent of the author or copyright holder.

This study investigates the attitudes of Australian social and environmental NGOs regarding their influencing activities on corporate social disclosure. The results reveal a relative consistency in NGO viewpoints concerning corporate social disclosure across time, and show that they view corporate social disclosure as insufficient, even when relevant, and require greater mandatory regulation. Although NGOs do attempt to influence corporate social disclosure, this is primarily through indirect means. Overall, Australian NGOs do not appear to be satisfied with the results of their influence given the increased activities over time and the perceived insufficiencies and deficiencies of available corporate social disclosure.

Lauren Danastas is a PhD candidate at Central Queensland University, Mackay Campus. Her research interests include corporate social disclosure, user groups, social and environmental NGOs and governance.

Professor David Gadenne is Professor of Accounting and Finance at Central Queensland University. His main research interests include the areas of social and environmental reporting, human information processing and small business.
Corporate social disclosure (CSD) is a term that encompasses the process by which the social and environmental impacts of corporate actions are communicated to stakeholders. Providing social and environmental information also represents a commitment to accountability, transparency and stakeholder engagement (Commonwealth of Australia 2002). However, the provision of this information is primarily voluntary and dependent on individual corporate determination of what should be reported, how it should be provided and to whom it should be directed. This type of reporting progresses an Australian government initiative that encourages business and community collaboration ‘to achieve mutual goals, develop creative solutions to regional and local problems, and to strengthen community ties’ (Commonwealth of Australia 2002: iii). Unfortunately, a significant expectations gap has been identified between the preparers of environmental information and the stakeholder user groups such as environmental organisations (Deegan and Rankin 1999).

Australian social and environmental non-governmental organisations (NGOs) are elements of various local and global social movements which are ‘capable of generating wide support, far beyond their organisational size’ (Hutton and Connors 1999: 4) and are sufficiently politically pragmatic to ‘both collude with and denounce mainstream politics, business and industry’ (Pepper 2000: 447). While many NGOs engage in confrontational activism, a significant proportion also use ‘conventional behaviours such as lobbying, letter writing and fundraising in their efforts to institutionalise particular policies or practices’ (Halcli 2000: 464). In addition, the influence of NGOs is growing with the rise in socially responsible investment (SRI) (Guay et al. 2004). Moreover, in recent years an increase in global anti-corporate activism, which has rattled corporate targets and substantially altered their policies (Klein 2000), has highlighted the importance of social and environmental reporting.

In addition to increases in anti-corporate activism, recent mandatory reporting regulations have also affected social disclosure practices. It can be argued that companies have been more cognisant of their social disclosure responsibilities since the introduction of the National Pollutant Inventory (NPI) requiring industry to disclose information on substance emissions into the environment, and section 299(1)(f) of the Corporations Act which requires details of a corporation’s environmental regulation performance within the Directors Report. Subsequent attempts to repeal section 299(1)(f) meet with continual opposition, ensuring its survival for the present (Burritt 2002). However, ambiguity over the section’s meaning and subsequent increases in voluntary environmental disclosure suggest that the present combination of voluntary and mandated disclosure is still insufficient (Frost 2001).

Apart from mandatory disclosure requirements, it has been widely recognised that social and environmental NGOs exert some degree of influence over corporations (Delfgaauw 2000; Hooghiemstra 2000; Klein 2000; Deegan and Blomquist 2001). Nevertheless, many NGOs remain sceptical about corporate motives for social disclosure and the type of information disclosed, despite an increased responsiveness by some businesses to disclose voluntary information (Elkington 1997; KPMG 1999; Delfgaauw 2000; Swift et al. 2001; Deegan 2002).

Accordingly, the main objective of this study is to investigate the types of influence that NGOs use to improve the social and environmental information provided within corporate reports. This research adds to the limited studies that consider the views and expectations of secondary stakeholders (O’Dwyer et al. 2004) and the attitudes of social and environmental NGOs to CSD (for example Tilt 1994, 2004; Azzone et al. 1997; O’Dwyer et al. 2004). In addition, the study provides companies’ management and boards of directors with an insight into NGO attitudes at a time when NGO influence is increasing, socially responsible investments are growing (Guay et al. 2004), and soci-
ety is expecting more from corporations than profit maximisation (Environics International 1999).

Background

Social and environmental NGOs are accepted stakeholders who are given consideration within managerial processes pertaining to social and environmental issues. NGOs have gained the attention of corporations through: targeted activism (Elkington 1997; Klein 2000); increased media attention (Hooghiemstra 2000); the strategic use of business and NGO alliances (Elkington 1997); stakeholder engagement processes (Delfgaauw 2000); NGOs’ ability to affect external parties’ viewpoints (Deegan and Blomquist 2001), and their ability to affect corporate legitimacy (Deegan and Gordon 1996). However, while the corporate sector is addressing stakeholders’ information needs and concerns through dialogue processes, it is apprehensive about the amount of expectation created by this process (Owen et al. 2001).

Nevertheless, high-profile multinational corporation campaigns highlight the persistence and power of these NGOs (Elkington 1997; Delfgaauw 2000; Klein 2000). Lobbying and advocacy for environmental issues has been found to influence corporations, governments, the general public (Handy 2001) and targeted industries (Deegan and Gordon 1996; Deegan and Blomquist 2001). Public awareness and pressure from NGOs has also influenced the increase in environmental disclosure and independent verification (KPMG 1999).

Corporate interest in stakeholders and voluntary disclosure increase as they recognise their social responsibilities (Swift et al. 2001). Additionally, corporate characteristics such as industry or size and a number of general and internal factors can also impact on the amount, quality and completeness of present social reporting (Adams 2002). However, the links between corporate governance systems and stakeholder engagement processes, which are necessary to ensure completeness of reporting, are not always evident (Adams 2002). Unfortunately, present regulations and laws are not changing ‘sloppy’ management practices, enhancing corporate reputation, ensuring ‘international best practice standards’ (Sarre 2002: 3) or alleviating stakeholders’ concerns (Tilt 1994). Corporations use legitimisation strategies to ensure their activities are perceived by outside parties as being legitimate (for example Brown and Deegan 1999; Deegan 2002) rather than discharging obligations to society by being transparent and accountable.

Previous studies have highlighted NGO information requirements (Azzone et al. 1997); nevertheless, a significant expectations gap exists between environmental report preparers and user groups, except in the mining industry (Deegan and Rankin 1999). Unfortunately, many Australian companies fall within a wait-and-see category, where the principles of CSD are understood but change is not yet a priority (Commonwealth of Australia 2002). Ultimately, however, reporting social and environmental information is an ethical issue of accountability and transparency, not just environmental sensitivity or lobbying by community, government and NGOs.

Proposition development

The main objectives of this study are to ascertain: how NGOs influence CSD practices; their attitudes to mandatory regulations; whether NGOs target high-profile corporations,
brands and environmentally sensitive industries; and whether voluntary CSD is relevant to these organisations.

Previous studies indicate that NGOs attempt to influence disclosure practices in various ways and feel the introduction of mandatory regulations is necessary to achieve results (Tilt 1994, 2004; Handy 2001; Hendry 2004; O’Dwyer et al. 2004). Accordingly, this study will consider the following two propositions.

**P1.** Social and environmental NGOs attempt to exert influence over corporate social disclosure content through direct and indirect actions.

**P2.** Social and environmental NGOs advocate the introduction of legislation or standards requiring minimum disclosure levels.

A number of researchers have indicated that mandatory reporting regulations are required to improve the amount and quality of present CSD (for example Tilt 1994; Adams 2004). However, despite the introduction of mandatory regulations, the number of ambiguities and limitations inherent in current regulations (Frost 2001) and the continued lobbying for additional regulations (ACF 2002) suggest that the present regulations may not satisfy the requirements of NGOs. Therefore, proposition 3 tests NGOs’ perceptions of the sufficiency of current mandatory reporting regulations.

**P3.** Social and environmental NGOs believe Australian mandatory social and environmental reporting regulations are insufficient.

Research suggests that changes in disclosure practices may be a response to changing societal expectations and priorities (Deegan and Gordon 1996), that improved stakeholder relationships may be achieved through environmental disclosures (Wilmshurst and Frost 2000) and that benefits can accrue from a company’s association with NGOs owing to the groups’ perceived legitimacy (Fiedler and Deegan 2002, cited in Deegan 2002). Given current stakeholder engagement processes (Delfgaauw 2000) and responses to societal concerns, it could be assumed that the response will have relevance to the users. Therefore proposition 4 tests the relevance of voluntary CSD to Australian NGOs.

**P4.** Social and environmental NGOs believe voluntary corporate social disclosures are relevant to their needs.

According to Klein (2000: 325) the ‘network of environmental, labor and human-rights activists’ are no longer just ‘outing’ corporations, they are also tracking the multi-nationals’ violations, an action that appears to have paralleled the growth in brand power. Additionally, some corporations are perceived as being environmentally sensitive, and use legitimisation processes to counter NGO attentions (Deegan and Gordon 1996). Therefore, proposition 5 tests whether NGO anti-corporate activism is targeting big-name corporations, high-profile brands and/or environmentally sensitive industries to attract attention to their cause.

**P5.** Social and environmental NGOs’ campaigns target high-profile corporations, high-profile brands and environmentally sensitive industries.

The insufficiency of CSD has been identified in other studies (for example Tilt 1994, 2004; O’Dwyer et al. 2004). Therefore, proposition 6 is designed to test whether the types of social and environmental information published by corporations is sufficient for NGO needs.

**P6.** Social and environmental NGOs believe present corporate social disclosures are insufficient.
Research method

The target population consists of 168 Australian social and environmental NGOs, and data was collected using a self-administered mail questionnaire, resulting in 59 (35.1%) usable responses. Relevant concepts relating to the problem were identified and given meaning through operational definitions during the survey instrument development process prior to initiating the measurement process. A five-point Likert scale was deemed to be most appropriate for closed-choice alternatives to allow for more sensitive measurements than a simple agree/disagree response as changes in attitudes were being investigated. Demographic questions were included in the instrument to profile the respondents. The developed questionnaire was pre-tested for rigorous evaluation prior to final administration to allow refinement of wording and clarity, elimination of potential problems and revision through feedback.

Results and discussion

Unlike previous studies (Tilt 1994, 2004), all identified social and environmental NGOs were included in the survey regardless of size, level of activity or specific interests. No prior assumptions were made in relation to the usefulness of generalised corporate information or the group’s ability to influence company activities. The respondents were classified into three categories of environmental, social and environmental, and social based on the descriptions of organisational activities, although environmental groups form the majority category both in identification and participation (refer to Table 1).

<table>
<thead>
<tr>
<th>Categories</th>
<th>Number returned</th>
<th>Number sent</th>
<th>Response rate</th>
</tr>
</thead>
<tbody>
<tr>
<td>Environmental</td>
<td>43</td>
<td>113</td>
<td>38.1%</td>
</tr>
<tr>
<td>Social and environmental</td>
<td>5</td>
<td>12</td>
<td>41.7%</td>
</tr>
<tr>
<td>Social</td>
<td>11</td>
<td>43</td>
<td>25.6%</td>
</tr>
<tr>
<td>Total</td>
<td>59</td>
<td>168</td>
<td>35.1%</td>
</tr>
</tbody>
</table>

Table 1 Response rate by category

The NGO demographic information provided highlights:

- Membership of between 100 and 1,000
- Average NGO age of 22 years
- Interests in the environment, community involvement and resource conservation
- Involvement at local, state community, national and international levels

1 In addition, 19 organisations (12.5%) advised of non-participation due to non-use of CSD and 31 organisations (18.4%) advised of non-participation due to the pressure of work.
2 While many groups fall into an environmental or a social category, some organisations have functions that can be categorised as both environmental and social: for example, an ethical shareholders’ group which has both environmental concerns relating to native forest destruction and social concerns relating to workers and the community.
The survey was completed by a senior volunteer (e.g. president) or a senior executive (e.g. CEO).

To address the possibility of non-response bias, early respondents were compared with late respondents (used as surrogates for non-respondents). The Mann–Whitney U tests show no significant difference at the 0.05 and the 0.01 levels; thus it can be concluded that there is minimal chance of non-response bias. Further tests were conducted to ascertain any bias in responses between the majority category (environmental) and the other categories (social and environmental, and social), or between the smaller (≤ 10,000 members) and larger (> 10,001 members) organisations. The Mann–Whitney U tests show no significant differences for NGO size and only two at the 0.01 level for relevance of CSD regarding human resources and products. Therefore, with the above exceptions, NGOs display similar behaviour in relation to companies.

Results for propositions tested

P1. Social and environmental NGOs attempt to exert influence over corporate social disclosure content through direct and indirect actions.

Table 2 shows that indirect activities are preferred when exerting influence over CSD content (sometimes to always), with a clear majority preference for lobbying governments (69.6%) and media campaigns (64.5%). The majority of organisations use media campaigns as part of an overall strategy to influence companies’ CSD practices. This is further supported by the archived media releases available on the websites of many social and environmental NGOs surveyed in this research and articles printed in the Australian media.

<table>
<thead>
<tr>
<th>Activity</th>
<th>Never</th>
<th>Seldom</th>
<th>Sometimes</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lobby governments</td>
<td>12</td>
<td>4</td>
<td>23</td>
<td>9</td>
<td>9</td>
</tr>
<tr>
<td>%</td>
<td>(20.3%)</td>
<td>(6.8%)</td>
<td>(39.0%)</td>
<td>(15.3%)</td>
<td>(15.3%)</td>
</tr>
<tr>
<td>Encouraging consumer boycotts</td>
<td>24</td>
<td>8</td>
<td>14</td>
<td>5</td>
<td>2</td>
</tr>
<tr>
<td>%</td>
<td>(40.7%)</td>
<td>(13.6%)</td>
<td>(23.7%)</td>
<td>(8.5%)</td>
<td>(3.4%)</td>
</tr>
<tr>
<td>Media campaigns</td>
<td>14</td>
<td>5</td>
<td>23</td>
<td>9</td>
<td>6</td>
</tr>
<tr>
<td>%</td>
<td>(23.7%)</td>
<td>(8.5%)</td>
<td>(39.0%)</td>
<td>(15.3%)</td>
<td>(10.2%)</td>
</tr>
</tbody>
</table>

* Percentage of total respondents, including non-responses

Table 2 | INDIRECT ACTION TO INFLUENCE COMPANIES

To a lesser extent some NGOs take direct action against companies not disclosing social and/or environmental activities (sometimes to always), by exposing the company (49.1%), lobbying the company (45.7%), reporting on the company (42.4%) and campaigning against the company (40.7%) (refer to Table 3).

Australian NGOs provide only low-level endorsement of companies that disclose social and/or environmental activities (refer to Table 3). Many NGOs never endorse companies for disclosure practices regarding human resources (54.2%), products (50.8%), community involvement (49.1%) and the environment (45.8%).

Overall, the majority of NGOs attempt to change companies’ reporting practices through indirect (74.6%) and direct actions (59.3%) and only a small proportion endorse...
companies (33.9%) for good reporting practices. The Kolmogorov–Smirnov tests show significance at the 0.01 level for lobbying governments and media campaigns at higher levels of the scale. Therefore, this research shows support for the proposition that NGOs attempt to exert influence over CSD content through indirect and, to a lesser extent, direct actions.

P2. Social and environmental NGOs advocate the introduction of legislation or standards requiring minimum disclosure levels.

Table 4 shows that NGOs very strongly advocate the introduction of legislation or standards requiring minimum disclosure levels, with the Kolmogorov–Smirnov tests showing a very significant bias towards the higher scores at the 0.01 level.

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>Seldom</th>
<th>Sometimes</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Lobbying the company</strong></td>
<td>Count</td>
<td>25</td>
<td>5</td>
<td>14</td>
<td>10</td>
</tr>
<tr>
<td></td>
<td>%*</td>
<td>(42.4%)</td>
<td>(8.5%)</td>
<td>(23.7%)</td>
<td>(16.9%)</td>
</tr>
<tr>
<td><strong>Campaigning against</strong></td>
<td>Count</td>
<td>28</td>
<td>3</td>
<td>13</td>
<td>9</td>
</tr>
<tr>
<td>the company</td>
<td>%*</td>
<td>(47.5%)</td>
<td>(5.1%)</td>
<td>(22.0%)</td>
<td>(15.3%)</td>
</tr>
<tr>
<td><strong>Reporting on the company</strong></td>
<td>Count</td>
<td>25</td>
<td>5</td>
<td>18</td>
<td>7</td>
</tr>
<tr>
<td></td>
<td>%*</td>
<td>(42.4%)</td>
<td>(8.5%)</td>
<td>(30.5%)</td>
<td>(11.9%)</td>
</tr>
<tr>
<td><strong>Exposing the company</strong></td>
<td>Count</td>
<td>24</td>
<td>4</td>
<td>15</td>
<td>11</td>
</tr>
<tr>
<td></td>
<td>%*</td>
<td>(40.7%)</td>
<td>(6.8%)</td>
<td>(25.4%)</td>
<td>(18.6%)</td>
</tr>
</tbody>
</table>

* Percentage of total respondents, including non-responses

**Table 3** DIRECT ACTION TO INFLUENCE COMPANIES

Statistical tests show no significant difference in the actions of different types or sizes of NGO: for example, indirect actions (76.6%) includes 30 environmental, 9 social and 5 social and environmental groups; direct actions (57.6%) includes 24 environmental, 7 social and 4 social and environmental groups; and endorse companies includes 12 environmental, 5 social and 3 social and environmental groups.

**Table 4** ADVOCACY OF MINIMUM LEGISLATION AND STANDARDS
Additional comments by participants indicate a mistrust of self-regulation. An overwhelming 96.6% of present survey respondents advocate some form of regulation (sometimes to always) through standards or legislation for CSD, while 91.5% believe that government legislation (sometimes to always) should be applicable to companies’ social and environmental reporting practices. Therefore, there is overwhelming support for the proposition that social and environmental NGOs advocate the introduction of legislation or standards requiring minimum disclosure levels.

**P3.** Social and environmental NGOs believe Australian mandatory social and environmental reporting regulations are insufficient.

Table 5 shows that the majority of social and environmental NGOs believe that reporting regulations are insufficient for the environment (76.3%), resource conservation (62.7%) and community involvement (55.9%). The Kolmogorov–Smirnov tests indicate significant bias for insufficiency at the 0.01 level for the environment and community involvement and at the 0.05 level for resource conservation. To a lesser extent, groups also have some belief that reporting regulations are insufficient for products (33.8%) and human resources (27.2%). However, as very few respondents indicated any sufficiency of mandatory regulations, it can be concluded that very few NGOs believe that current mandatory reporting regulations are sufficient.

This result indicates that the present mandatory reporting regulations are not sufficient to address NGO concerns. Regulatory ambiguities and limitations (Frost 2001) and continued NGO lobbying (ACF 2002) also indicate dissatisfaction with existing regulations. An overwhelming majority of NGOs (88.1%) indicated that Australian mandatory social and environmental regulations are insufficient, to varying degrees. Therefore, there is substantial support for the proposition that social and environmental NGOs believe Australian mandatory social and environmental reporting regulations are insufficient.

<table>
<thead>
<tr>
<th>Corporate social disclosure (CSD)</th>
<th>Endorse companies</th>
<th>Insufficient regulations</th>
<th>Relevance of CSD</th>
<th>Insufficient CSD</th>
</tr>
</thead>
<tbody>
<tr>
<td>M</td>
<td>%**</td>
<td>M</td>
<td>%**</td>
<td>M</td>
</tr>
<tr>
<td>The environment</td>
<td>2.04</td>
<td>28.9%</td>
<td>1.93</td>
<td>76.3%</td>
</tr>
<tr>
<td>Community involvement</td>
<td>1.81</td>
<td>18.7%</td>
<td>2.24</td>
<td>55.9%</td>
</tr>
<tr>
<td>Resource conservation</td>
<td>1.79</td>
<td>22.0%</td>
<td>2.14</td>
<td>62.7%</td>
</tr>
<tr>
<td>Human resources</td>
<td>1.50</td>
<td>8.5%</td>
<td>2.66</td>
<td>27.3%</td>
</tr>
<tr>
<td>Products</td>
<td>1.68</td>
<td>15.3%</td>
<td>2.56</td>
<td>33.8%</td>
</tr>
</tbody>
</table>

* Percentage of total respondents indicating sometimes (3) to always (5)
** Percentage of total respondents indicating highly insufficient (1) to insufficient (2)
† Percentage of total respondents indicating relevant (4) to highly relevant (5)

Table 5 Corporate social disclosure information
P4. Social and environmental NGOs believe voluntary corporate social disclosures are relevant to their needs.

Table 5 indicates that only the environment (57.6%) and resource conservation (54.2%) are seen as relevant to the majority of organisations, with the Kolmogorov–Smirnov tests indicating a significant bias for relevancy at the 0.01 level. To a lesser extent, relevance is also shown for community involvement (47.4%), products (23.8%) and human resources (17.0%). The majority of participants responded neutrally in relation to human resources (66.1%) and products (62.7%). However, a majority of participants (71.2%) indicated that some form of the disclosed information was either highly relevant or relevant. Therefore, there is some support for the proposition that social and environmental NGOs believe voluntary CSD is relevant to their needs.

P5. Social and environmental NGOs’ campaigns target high-profile corporations, high-profile brands and environmentally sensitive industries.

Table 6 shows that, although the majority of NGOs (61.0%) undertake campaigns targeting specific corporations, brands, industries and/or other bodies overall (sometimes to always), only a small majority target high-profile corporations (50.8%), and a minority target industries (39.0%) and high-profile brands (33.9%). Although Klein (2000) suggested that both new and older environmental and social organisations are targeting corporations, there is only minimal support for the proposition that social and environmental NGOs’ campaigns target high-profile corporations, brands and environmentally sensitive industries.

<table>
<thead>
<tr>
<th></th>
<th>Never</th>
<th>Seldom</th>
<th>Sometimes</th>
<th>Often</th>
<th>Always</th>
</tr>
</thead>
<tbody>
<tr>
<td>High-profile</td>
<td>Count</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>corporations</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%*</td>
<td>(32.2%)</td>
<td>(10.2%)</td>
<td>(18.6%)</td>
<td>(23.7%)</td>
<td>(8.5%)</td>
</tr>
<tr>
<td>High-profile</td>
<td>Count</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>brands</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%*</td>
<td>(37.3%)</td>
<td>(13.5%)</td>
<td>(11.9%)</td>
<td>(16.9%)</td>
<td>(5.1%)</td>
</tr>
<tr>
<td>Industry</td>
<td>Count</td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>%*</td>
<td>(20.3%)</td>
<td>(3.4%)</td>
<td>(6.8%)</td>
<td>(23.7%)</td>
<td>(8.5%)</td>
</tr>
</tbody>
</table>

* Percentage of total respondents, including non-responses

Table 6 NGO CAMPAIGNS BY TARGET SECTOR

P6. Social and environmental NGOs believe present corporate social disclosures are insufficient.

Table 5 shows that the majority of NGOs believe some areas of the CSD made available by companies are insufficient, particularly in relation to the environment (78.0%), resource conservation (66.1%) and community involvement (55.9%). The Kolmogorov–Smirnov tests indicate significance bias at the 0.01 level for these reported insufficiencies. However, very few respondents believe that any social and environmental information made available by companies is sufficient for their needs. Overall, a large majority of respondents (84.7%) believe that various forms of CSD are insufficient. Therefore, there is substantial support for the proposition that social and environmental NGOs believe present CSD is insufficient.
Summary and conclusions

The purpose of this research was to provide empirical evidence that Australian external pressure groups attempt to influence CSD and to ascertain whether they were satisfied with the results of influencing activities. Six propositions were developed and operationalised as questions on a self-administered questionnaire used to gauge social and environmental NGOs’ attitudes. In contrast to other studies (Tilt 1994, 2004), this research attempts to provide a deeper understanding of these attitudes by identifying the type of information provided by corporations rather than the media used to disseminate the information.

This study has found that Australian NGOs do attempt to influence CSD, but to a limited extent, and this is consistent with other Australian studies (Tilt 1994, 2004). This is primarily through indirect actions such as lobbying governments and conducting media campaigns. Indirect influencing activities may be reflective of the fundamental mistrust that NGOs have for self-regulation and their continued advocacy for mandatory disclosure levels. Legislation and standards are established by governments and other regulatory bodies, not by companies. NGOs lobby regulators when they require permanent changes (Hendry 2004). Obviously, new legislation has not met NGO expectations as advocacy for increased regulation has not diminished in the last decade (Tilt 1994, 2004). In addition, media campaigns provide a vehicle for influencing community perceptions and it is through community support and public awareness that NGOs can become stakeholders capable of influencing further change (KPMG 1999; Deegan and Blomquist 2001; Handy 2001).

It also appears that the level of both indirect and direct organisational activity may have increased since the 1994 Tilt study, although the preferred activities remain relatively unchanged. However, ‘adversarial targeting’ such as campaigns against companies, reporting and exposing of companies and consumer boycotts do not appear to be preferred actions of Australian NGOs. This is possibly due to the fact that the target firms in this study are not perceived by NGOs as possessing certain key characteristics, such as: causing significant adverse environmental impacts; non-caring attitudes; contradiction between actions and declarations; ability to influence competitors and suppliers; and the presence of branded products (Hendry 2004). While a small majority of NGOs are identified as targeting high-profile corporations, with additional information suggesting that these influencing activities often target the governance body not just management, activism against ‘brand’ power (Klein 2000) targeting high-profile brands is not a priority. However, this study suggests that some social and environmental NGOs use a campaign strategy that targets all sectors of corporations, brands and industry simultaneously.

Alternatively, endorsement of companies with good reporting practices is a minority activity. This is surprising, given the increase in CSD provision in recent years and the upsurge in ethical investments as NGO and shareholder activism has instigated change in governance and corporate behaviour (Guay et al. 2004). Unfortunately, this lack of endorsement may be reflective of the scepticism shown by social and environmental NGOs in relation to current CSD. So, are social and environmental groups satisfied with the results of their activities? Satisfaction or otherwise can be ascertained from NGOs’ rating of CSD media and content. Australian NGOs substantially endorse the view that current CSD and mandatory reporting regulations are insufficient. Interestingly, a majority of NGOs believes that the voluntarily provided information regarding the environment and resource conservation is relevant to groups’ needs.

Unfortunately, this relevance is overshadowed by the insufficiency in terms of both the amount and the type of CSD. The categories identified as requiring improvement...
and inclusion in CSD include: both beneficial and detrimental impacts; relationships; resources; policies, procedures and practices; costs and measurements; emissions and pollution; and product information. They also highlight the need for honest reporting, use of good criteria and benchmarks, measurable results, independent environmental and social audits, compliance monitoring, and the implementation of sustainability reporting. All of this suggests that Australian social and environmental NGOs are not very satisfied with the overall results, which could also explain the absence of any decrease in lobbying and campaign activities since the 1994 Tilt study undertaken prior to the introduction of s299(1)(f) and the NPI.

So, while stakeholder engagement processes and responses to societal concerns can produce relevant CSD, the information provided is not considered sufficient. Of course, companies may be responding to other influences: for example, alternative community expectations and priorities (Deegan and Gordon 1996; Wilmshurst and Frost 2000); more influential lobby groups (Deegan and Blomquist 2001); and established legislation, standards and reporting practices. Alternatively, social and environmental NGOs’ preference for indirect action, lack of endorsement for reporting companies, and continued advocacy for minimum legislation and standards, tend to support the legitimacy theory axiom principle. Societal expectations have not wavered, but the business community is slow to accept their social responsibilities, including sustainability reporting as a public declaration of transparency and accountability. Australian NGOs’ attitudes and strategies have remained consistent and possibly even been strengthened in the past ten years. In this current climate it is in a company’s best interest to understand NGO actions, positions and attitudes while responding to them in an effort to build a sense of trust and co-operation.

**Implications**

This study has identified implications for government, regulatory bodies, researchers and corporations. The ‘strong and consistent view’ of NGOs on minimum requirements for CSD through legislation and standards, which was evident over ten years ago (Tilt 1994: 65), has not changed as NGOs activities have continued over time despite some additional regulatory controls. The reliance on corporate self-regulation regarding social and environmental reporting does not appear to be seen as an acceptable means of public accountability by social and environmental NGOs. The inquiry into corporate responsibility and triple-bottom-line reporting by the Parliamentary Joint Committee on Corporations and Financial Services (Commonwealth of Australia 2005) appears to be a step in the right direction. However, until an acceptable balance is achieved between mandatory regulation and voluntary provision of CSD, it would appear that NGOs will continue to lobby for mandated rules while viewing currently available information with scepticism. Additionally, further research is called for as NGOs attempt to influence companies through governance structures, mechanisms and practices to ascertain their influence on CSD and management reporting practices.

The implication for companies is not only overall NGO dissatisfaction with the results from any relevant stakeholder engagement processes, but also the strong continuance of organisational activities in an effort to change CSD practices. These NGOs are also emerging as ‘major actors’ in influencing SRI ‘with attendant consequences for corporate strategy, governance, and social performance’ (Guay et al. 2004: 125). Participant responses highlighted lobbying activities such as correspondence with the board of directors, attendance at the annual general meeting (AGM), ensuring achievement of AGM resolutions, nomination of directors and shareholder activism. However, there is
an apparent lack of two-way dialogue between stakeholders and governance structures, which possibly reflects adversely on important stakeholder issues (Adams 2002). It is the corporation’s board that is responsible for the company’s tone, standards and compliance (ASX Corporate Governance Council 2003). If corporate–stakeholder interactions are to be seen as more than a legitimisation strategy, then they should be reflected at all levels including governance, management, corporate culture and day-to-day operations. Truly socially responsible practices and actions need to be maintained, not just adopted in reaction to political or stakeholder pressures (Randel 2002). Unfortunately, managerial responses to social and environmental groups’ concerns in the past ten years have not produced sufficient relevant CSD to satisfy NGOs’ needs.

Limitations

There are a number of limitations of the study that must be acknowledged, and these include the possibility of an incomplete population frame and the possibility that some respondents were less informed or less active than the average member or that some NGOs are formed from a local perspective for a very limited objective, which does not require access to CSD. In relation to the population frame, a number of websites, search engines and comprehensive lists were cross-referenced to compile the population frame, and interconnections between organisations were identified during the compilation of the population list. The larger number of environmental NGOs compared with other community groups is a reflection of Australian society; however, statistical tests have ascertained a similarity of responses between the groups. As this survey is specific to NGOs’ attitudes and behaviour, it is possible that biases regarding present activities and anticipated outcomes could prejudice responses. However, use of the literature in formulating the propositions and questions highlighted any major shift in NGO behaviour that required further analysis. NGO profile information indicated that the surveys were completed by senior members of the organisation. From this research it would appear that a local perspective or a limited objective does not preclude the use of CSD.

Further research

This study suggests that further research is required to determine corporate prioritisation of conflicting influences from competing stakeholder groups with regard to CSD. It could also ascertain which types of social and environmental information are relevant to specific groups and which stakeholder groups are users of CSD. This research should also include the influences of governance bodies on the amount and quality of CSD and the two or three way linkages that may (or may not) exist between corporate governance bodies, management and stakeholders. Additionally, this study identified that the majority of Australian NGOs primarily attempt to influence CSD through indirect methods of lobbying governments. However, research is required to identify the following: the relationship between NGOs and government; the impact of pressure group lobbying on political decision-making processes; and whether these groups are considered ‘important’ stakeholders within this process.
References


JCC 23 Autumn 2006