



The University of Newcastle - Australia  
Newcastle Graduate School of Business  
Faculty of Business & Law

Dissertation Title: Corporate Social Responsibility: An empirical study of  
Stakeholders and Environmental Disclosure in the Service Industry in Australia

S M Safayet Hossen  
Student ID: C3135002

Principal Supervisor: Dr Anthony Chia

A dissertation submitted to the Faculty of Business and Law for the award of  
the Degree of Doctor of Business Administration (DBA)

Faculty of Business and Law,  
University of Newcastle – Australia

24<sup>th</sup> August 2018

## **STATEMENT OF ORIGINALITY**

I hereby certify that the work embodied in the thesis is my own work, conducted under normal supervision. The thesis contains no material which has been accepted, or is being examined, for the award of any other degree or diploma in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made. I give consent to the final version of my thesis being made available worldwide when deposited in the University's Digital Repository, subject to the provisions of the Copyright Act 1968 and any approved embargo.

Student Signature: Safayet Hossen

## **ACKNOWLEDGEMENT**

Undertaking a DBA dissertation is a very long academic journey. I love to express my gratitude to Almighty Allah who gave passion and patience to complete this dissertation.

I would like to express my sincere respect and thanks to Dr Anthony Chia for providing me guidance and support, motivation and encouragement, identified strength and weakness to complete this dissertation. He taught me how to deal with students in a critical situation. He is a supervisor, every student dreams of.

I like to show my gratitude to Ross Brennan who checked this dissertation many times to make constructive comments, suggestions and help to make this dissertation meaningful. Special thanks to Professor Paul Ryder who guide and encourage me at the time of frustrations with this work.

Finally, I would like to thank my wonderful wife Ms Fahmida Alam, Lovely son Hamza Hossen, beautiful daughter Sharleez Hossen and friends for their support and reassurance which helped to continue and complete this thesis. I would like to dedicate this thesis to my late parents, late mother in law and father in law who valued my education thrust without asking any question.

## **Abstract**

During recent decades, the local, national, and global effects of human activities on the physical environment have increased immensely. Consequently, comprehensive policies have been developed and implemented to ensure that companies outlay a high level of social responsibility to the environment. Equally, research literature and international policies have subjected a full angle of interest in the provision that corporations should disclose their annual activities that have an impact on the wellbeing of the physical environment. According to research, companies have increased their environmental responsibility by providing voluntary yearly ecological reports that outlay the company's financial and non-financial, quantitative and qualitative social activities on an annual base.

For a long time, scholars have addressed environmental disclosure as a broad topic; it is seen as encompassing the evolution of the responsible nature of these companies. However, the study aims to identify the extent to which the annual report coincides with the actual responsibility that these companies deliver. Without a doubt, companies around the globe may provide clear and consistent environmental disclosures; however recent analytical interest in the area has suggested that these revelations are only delivered to suit the wellbeing of the company. For instance, mining companies are profoundly scrutinised and thus affected by the social environment, other primary, secondary and service industries are also under public social scrutiny. This is especially motivated by the fact that; mining companies form a substantial basis of the Australian economy.

The study aims at performing content analysis on 75 annual reports on companies from different industry groups in the country. The purpose of the study is to identify whether environment disclosures serve as social or financial rehabilitation attempts by these companies, or they fulfil the required function. The study analyses the consequence of the environmental disclosure

requirement in the corporate field of the country and will look to evaluate how companies have integrated the condition either as self-beneficial or Corporate Social Responsibility (CSR).

This research identified that all the publicly listed service companies are disclosing environmental issues in their annual reports. However, when a company's operation is directly involved with environmental issue then they provide significant environmental disclosure in their annual report. According to the findings of this research, a key exception is revealed. Ironically universities who are not in-fact directly involved in activities that cause interaction with the natural environment they none the less overtly express their environmental concerns. They do this via environmental reports and by setting up courses and topics within discrete courses which analyse and investigate environmental issues. In this way, they educate and raise awareness through vigorous academic methodology, and importantly they set an exemplary standard and benchmark.

This research found that companies are disclosing Environmental Disclosure (ED) due to CSR and Stakeholders pressure. However, they do have a legislative requirement to disclose this information in the annual report (Chuang and Huang, 2018). In Australia, companies are disclosing CSR information according to their business nature; when they are heavily involved with environmental issues, they do provide adequate disclosed information. In contrast, where companies are having less interaction with the environmental issue at that time due to legitimacy issues they provide ED to have better acceptance in the society.

## Table of Contents

Abstract .....	III
CHAPTER 1: INTRODUCTION .....	1
1.1. Background of the Study.....	1
1.2. Research Justification.....	5
1.3. Purpose of the Research .....	10
1.4. Research Questions: .....	10
1.5. Research Methodology.....	11
1.6. Thesis Structure.....	13
1.7. Summary .....	16
CHAPTER 2: LITERATURE REVIEW .....	17
2.1. Introduction .....	17
2.2. Previous Studies in the Field.....	18
2.3. GRI Guidelines of Environmental reporting.....	22
2.3.1. Environmental Performance Indicators.....	24
2.3.2. Indicators Related to the Management.....	24
2.3.3. Indicators of Business operations.....	25
2.3.4. Transportation .....	26
2.3.5. Stock pollution .....	27
2.3.6. Land Alteration .....	27

2.4.	Impact of environmental ideologies and community perception .....	27
2.4.1.	Community attitude towards Conservatism .....	29
2.5.	Inter-relationship between business organisations and the community .....	30
2.6.	Theories in Environmental Reporting .....	33
2.6.1.	Corporate Social Responsibility .....	33
2.6.2.	Legitimacy theory and Agenda Setting Theory .....	37
2.6.3.	Stakeholder Theory .....	38
2.6.4.	Signalling Theory .....	39
2.6.5.	Impact of environmental ideologies on the accounting for socio-economic sustainability	43
2.7.	Theoretical Arguments for Disclosing Financial Information .....	44
2.7.1.	Accountability .....	44
2.7.2.	Stakeholder Theory .....	44
2.7.3.	Environmental sensitivity .....	45
2.7.4.	Financial Performance .....	45
2.7.5.	Environmental Certification .....	45
2.7.6.	Determinants of Social Environmental reporting .....	46
2.7.7.	Financial performance and size of the company .....	46
2.7.8.	Social and Environmental Performance .....	48
2.7.9.	Ownership Structure .....	48

2.7.10. Corporate Visibility.....	49
2.7.11. Legal requirements within the country of origin and the sector of affiliation 50	
2.8. Effect of the Australian community on environmental philosophies.....	53
2.9. Criteria for Measuring the Environmental report.....	54
2.9.1. Credibility.....	54
2.9.2. Completeness .....	54
2.9.3. Transparency .....	55
2.9.4. Language Used in Environmental Disclosure .....	56
2.9.5. The State of Public Environmental reporting in Australia.....	57
2.10. CSR Relationship with Stakeholder's and Environmental Disclosure in the Service Industry .....	59
2.11. Gaps within Literature.....	61
2.11.1. Governance and regulation.....	61
2.11.2 Responsibilities in the Corporate Social Responsibility .....	63
CHAPTER 3: RESEARCH METHODOLOGY .....	67
3.1. Introduction.....	67
3.2. Content Analysis .....	67
3.3. Research Design.....	72
3.3.1. Epistemology – Positivism .....	72



3.3.2. Quantitative research .....	72
3.3.3. Secondary data .....	74
3.3.4. Quality of data – reliability, validity, and generalizability .....	74
3.3.5. Time Dimension- Longitudinal.....	75
3.3.6. Measurement of Variables .....	75
3.4. Study Design.....	84
3.5. Study Population.....	85
3.6. Privacy and Ethics.....	86
3.7. Method of Data Collection.....	87
3.8. Environmental reporting .....	88
3.8.1. Company capability for environmental reporting.....	88
3.8.2. Company interest towards environmental awareness .....	89
3.8.3. Environmental Activities .....	90
3.8.4. Data Management .....	90
3.8.5. Data Analysis .....	90
3.8.6. Data Presentation .....	91
CHAPTER 4: DATA ANALYSIS AND FINDINGS .....	97
4.1. Results.....	97
4.2. Testing of Variables.....	99
4.2.1. H1 Variable: Institutional Expectations.....	99

4.2.2. H2 Variable: Institutional Environmental Capacity .....	104
4.2.3. H3 Variable: Institutional Environmental Interest.....	112
4.2.4. H4 Variable: Environmental Disclosure Strategy.....	114
4.2.5. H5: Environmental Actions .....	133
4.3. Rehabilitation.....	139
4.4. Conclusion .....	139
CHAPTER 5: DISCUSSION OF THE FINDING .....	141
5.1. Introduction.....	141
5.2. Theoretical implication of the findings.....	142
5.3. Demographics Covered.....	144
5.4. Summary of Research Questions .....	145
5.4.1. Independent Constituents.....	146
5.4.2. Dependent Constituents .....	148
5.5. Theoretical Implications of the Study .....	155
5.6. Conclusion .....	162
CHAPTER 6: CONCLUSIONS AND IMPLICATIONS .....	164
6.1. Introduction.....	164
6.2. Summary of the Research Questions .....	165
<b>6.3. Summary of the Study .....</b>	<b>167</b>
6.3.1 A new Paradigm for The CSR in the Australia Society.....	169

6.4 The implication to Companies and Policy Makers .....	170
6.5. Limitations of the Study.....	172
6.6. Concluding Remarks and Areas for Further research.....	173
REFERENCES .....	176

## Table of Figures

Figure 1: Research Model (Modified from Foerster, A. 2016).....	12
Figure 2: Interconnection between business, society, and environment: Adopted from Gray et al., 1996, P.34.....	32
Figure 3: Relationship between the theory of ED and Gaining competitive advantage in the market (Barbu, Dumontier, Feleagă & Feleagă, 2014).....	41
Figure 4: Application of theories to have quality disclosure in the annual report (Modified and combined -Barbu, Dumontier, Feleagă & Feleagă, 2014; Kramer & Porter, 2006 .....	51
Figure 5: Guidelines for awarding scores (Adapted from Drisko & Maschi, 2016) .....	94
Figure 6: weighted means of factors contributing to company environmental capacity	108
Figure 7: Trends for average water usage (Source: Industry Average from ABS) .....	122
Figure 8: Greenhouse gas emissions (Source: Industry Average from ABS) .....	123
Figure 9: Trends in Energy Usage (Source: Industry Average from ABS).....	124
Figure 10: Environmental performance in the five industries from 2015 to 2017 .....	125
Figure 11: Level of environmental reporting.....	132
Figure 12: Corporate Social Responsibility and ED though Annual Report .....	161

## **Tables**

Table 1: Format Showing Analysis of Environmental Reports of Different Sectors in Australia.....	93
Table 2: Showing different capacities of the companies to handle environmental issues (Data Collected from 75 Annual Reports) .....	108
Table 3: showing the six important parameters used to determine the company's financial standing. (Source: Service Industry Average – ABS) .....	110
Table 4: Showing Different methods used for environmental reporting (Data Collected from 75 Annual Report).....	121
Table 5: Showing Environmental reporting for each company (Source: 75 Annual Reports).....	131
Table 6: shows the distribution of the survey within the 25 companies, spanning three years. ....	145
Table 7: Possible of environmental hazards in a company: Source: (Kramer & Porter, 2006). ....	159

## **Appendix**

Appendix I: Abbreviations List .....	197
--------------------------------------	-----