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5. Interdisciplinarity: Universities shall encourage interdisciplinary and collaborative education and research programmes related to sustainable development as part of the institution's central mission. Universities shall also seek to overcome competitive instincts between disciplines and departments.
6. Dissemination of knowledge: Universities shall support efforts to fill in the gaps in the present literature available for students, professionals, decision-makers and the general public by preparing information didactic material, organizing public lectures, and establishing training programmes. They should also be prepared to participate in environmental audits.
7. Networking: Universities shall promote interdisciplinary networks of environmental experts at the local, national, regional and international levels, with the aim of collaborating on common environmental projects in both research and education. For this, the mobility of students and scholars should be encouraged.
8. Partnerships: Universities shall take the initiative in forging partnerships with other concerned sectors of society, in order to design and implement coordinated approaches, strategies and action plans.
9. Continuing education programmes: Universities shall devise environmental educational programmes on these issues for different target groups: e.g. business, governmental agencies, non-governmental organizations, the media.
10. Technology transfer: Universities shall contribute to educational programmes designed to transfer educationally sound and innovative technologies and advanced management methods.

### **Comment**

As academics with an interest in resolving conflicting social, environmental and economic issues for the benefit of present and future generations we are all participants in the lifelong promotion of education for sustainable development. Let us know how you think we can best contribute towards the Decade. Does a similar organisation to the Copernicus Campus exist in the Asia Pacific? Should one be established? Or is the Talloires Declaration sufficient for our purposes?

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## **REPORT ON MASTER OF COMMERCE THESIS: PHILANTHROPIC REPORTING BY AUSTRALIAN COMPANIES**

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**Accounting; Carol Tilt is an Associate Professor of Accounting and supervisor for the project.**

## **Introduction**

There has been little research undertaken in Australia in the area of corporate philanthropic reporting, but Graham Jones has recently completed a Master of Commerce thesis in this area. For the purposes of the thesis the term 'corporate philanthropy' was defined as 'giving for the sake of giving' and gifts to the arts, sport and education were excluded as these may represent 'cause-related marketing'.

## **Philanthropy**

In the United States there has had a long history of philanthropic giving, and business leaders in their own right, were the significant givers to worthy charitable causes. Over the past ten years however, corporate philanthropy has diminished, notwithstanding that corporations' profits have been increasing (Buchholtz *et al.*, 1999).

Corporate Australia is being urged to change with regard to its attitude to philanthropy. The Prime Minister, John Howard, in his 1999 Corporate Public Affairs Oration to the Centre for Public Corporate Affairs, claimed that in order for Australia to become a fairer place, not only must governments act with fairness towards all sections of society, but corporations must act responsibly, returning to the community, by way of support for charitable causes, some of the profit that they have derived from the community.

Those charities who have traditionally taken corporate support for granted are seeking to understand the corporate decision making process, and thus the reporting of such practices becomes important if they are going to maximise the benefit from corporate philanthropic donations (Burch, 1997). These reporting practices were analysed in the thesis.

## **Method**

The thesis used the BRW (Business Review Weekly) Top 1000 list for the year 2001 as the sampling frame, selecting the top 100 companies by turnover for analysis. The annual reports of the companies were analysed for all disclosure relating to philanthropy using a simple content analysis, with number of words as the unit of analysis. The resulting reporting levels were tested for the influence of a number of variables, including: size, industry, number of employees, and profit. Descriptive statistics, correlations and some simple non-parametric modelling were used to determine the significance of these variables, which have all been found to be significant to varying degrees in at least some of the previous functionalist studies of CSR.

## **Results and Conclusions**

The amount of reporting on philanthropic activity in annual reports in Australia appears to be extremely low. While 67% of companies in the sample reported some philanthropic information in their annual report, the number of words ranges from 27 to 1109 (average 173 words). When only the 67 companies that do report were considered, the average number of words increased to 260. When compared with the total words in the entire report this represents around half of one percent of the annual report being dedicated to philanthropy.

The correlations showed that there is no relationship between any of the size measures and number of words reported but that reporting levels do have some relationship to reported after-tax profit and to industry classification. Statistical tests (binary logistic regression) showed that

only profit is significant (albeit weakly) in predicting whether a company is likely to produce high or low levels of reporting. There are two interesting issues that arise from the analysis in this thesis, that have implications for further research in this area.

It appears there may be two distinct decisions being made, which in turn may be influenced by different factors: First, the decision whether or not to report, and second, once a decision to report has been made, how much to report. The analysis did not shed much light on what factors influence these decisions as all the variables tested appear to have little or no influence. Other factors that may be important for consideration include the influence of the Board of Directors and CEO of each company, there being some evidence in previous work undertaken by the thesis author that personal values play a role in this area of decision making (Jones, 1999).

Another issue to arise from the thesis is that the characteristics of companies that have traditionally been shown to explain the social reporting practices of companies do not appear to be the same for philanthropic reporting. Whereas in most studies of corporate characteristics and CSR, industry has been an important factor, for philanthropy the industry variable was not found to be very important. Only profit, which has most often been insignificant in other CSR studies, had any influence on disclosure levels. This could be explained by suggesting that either more profitable companies have more money to donate, or that more profitable companies have less conflict between donating and maximising shareholder wealth, and are thus not reticent about reporting their donations in their annual reports. Furthermore, profit only appeared to help to explain levels of

disclosure of those who do report something in their annual report (and was a weak explanator). The modelling undertaken indicated profit is a poor predictor of whether a company will, or will not, disclose at all.

### **Conclusions**

Prior studies that consider the (statistical) relationship between disclosure and corporate characteristics generally classify all 'social' disclosures into one group. These studies may be missing some distinctions between the reporting of different types of social information. This thesis concludes that more research is warranted that disaggregates social reporting and analyses them in more detail. This could include work into reporting on Energy, Human resources, Products and Community Involvement. While much work has been done on the Environment, the other 'social' areas have only rarely been considered independently.

Finally, studies have shown that over time environmental disclosure has increased rapidly, and this study found that the proportion of companies including community disclosures in their annual reports has also increased. This suggests that we need to look further into the motivations for philanthropic reporting in Australia.

### **Limitations**

One possible reason for the low level of disclosure in the year analysed is that it was the year of the Sydney Olympic Games and many large companies acted as sponsors. This may have resulted in resources being directed away from traditional charities for the year in question in order to report more on their Olympic sponsorships. The data revealed that a number of the organisations

in the sample dedicated substantial sections of their annual report to the Olympics, but longitudinal analysis is needed to determine whether it was a factor affecting reporting levels in the thesis.

### References

Buchholtz A.K., Amason A.C. & Rutherford M.A. (1999) "Beyond Resources: The Mediating Effect of Top Management Discretion and Values on Corporate

Philanthropy", *Business and Society*, 38(2), pp. 168-187.

Burch N. (1997) "Corporate Giving: A Dialogue", *Philanthropy*, pp 16-17.

Jones G.R. (1999) "The Decision to Donate: Australian Corporate Philanthropy – Putting Values in to the Equation", Masters Qualifying Thesis, Flinders University.

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## ENVIRONMENT EXTRA!

### Environmental Sustainability Index.

#### 2005 Environmental Sustainability Index: Benchmarking National Environmental Stewardship

*Esty, et al., Daniel C.*

*World Economic Forum -Global Leaders of Tomorrow Environment Task Force*

*Yale Center for Environmental Law and Policy Center for International Earth*

*Science Information Network*

*European Commission - Joint Research Centre*

New Haven, CT: Yale Center for Environmental Law and Policy, 2005, 408p.

**Abstract:** The Environmental Sustainability Index (ESI) is the most comprehensive global report comparing environmental conditions and environmental performance across nations. It was created to satisfy a critical need for substantive, impartial data for national and global environmental decision-making. Countries have recognized the impact that environmental quality has on citizen welfare, land productivity and overall social health. But until now, there has been

no concrete way to scientifically examine environmental performance and compare progress toward environmental goals. The Environmental Sustainability Index (ESI) is a measure of overall progress towards environmental sustainability, developed for 142 countries. The ESI scores are based upon a set of 20 core "indicators," each of which combines two to eight variables for a total of 68 underlying variables. The ESI permits cross-national comparisons of environmental progress in a systematic and quantitative fashion. It represents a first step towards a more analytically driven approach to environmental decisionmaking. The documents made available here provide in-depth details on the analytical framework, quantitative methodology, and data sources that underlie the ESI .

**Contents:** Executive summary; The need for an environmental sustainability index; Key results; Our approach; Main findings; Relationship to economic performance; Our factors associated with environmental sustainability; Comparison to other sustainability indicators; Evolution in the ESI methodology; Challenges to measuring