



**Supermarkets' Accountability Pertaining to Palm Oil Use: an
Australian Study**

*A thesis submitted in fulfilment of the requirements for the degree of
Doctor of Philosophy*

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DECLARATION

I certify that except where due acknowledgement has been made, the work is that of the author alone; the work has not been submitted previously, in whole or in part, to qualify for any other academic award; the content of the project is the result of work which has been carried out since the official commencement date of the approved research program; any editorial work, paid or unpaid, carried out by a third party is acknowledged; and, ethics procedures and guidelines have been followed.

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LIST OF ABBREVIATIONS

AASB	Australian Accounting Standards Board
ABDC	Australian Business Deans Council
ACOP	Annual Communication of Progress
AFGC	Australian Food and Grocery Council
ASGI	Australian Supermarket and Grocery Stores Industry
CSD	Corporate social and environmental disclosure
CSPO	Certified Sustainable Palm Oil
CSR	Corporate social responsibility
GASB	Governmental Accounting Standards Board
IASB	International Accounting Standards Board
IGs	Interest Groups
MT	Metric tons
NGOs	Non-government organisations
POUD	Palm oil use-related corporate governance disclosures
RSPO	Roundtable on Sustainable Palm Oil
SEA	Social and environmental accounting
SSPOU	Scorecard for Sustainable Palm Oil Use
UK	United Kingdom
WWF	World Wide Fund for Nature
ZV	Zoos Victoria

RESEARCH SUMMARY

This thesis addresses the issue of supermarkets' accountability pertaining to palm oil used within the private-label products they sell. Specifically, it investigates whether the public disclosures being made by Australian supermarkets enables interested stakeholders to assess whether the palm oil being used is being sourced from sustainable plantations.

Chapter 1 provides an overview of the research, identifies motivations for the research and presents the contributions from the research. Chapter 2 starts by discussing the use of palm oil and how it is a very widely used ingredient in a vast multitude of products. The rapid growth of oil palm plantations will be discussed together with a discussion of the many adverse social and environmental impacts (as well as some of the positive social impacts) that have accrued as a result of the proliferation of oil palm plantations. Initiatives created to provide sustainable sources of palm oil will also be explored; and it will be shown that business organisations that use palm oil in their products do have a realistic choice between using sustainable and non-sustainable palm oil.

In addressing the issue of 'accountability' for the palm oil used within products being sold, and because of the many different ways in which the idea of 'accountability' can be interpreted, Chapter 3 (Phase 1 of the research) addresses the issue of accountability in depth and at a general level, and not specifically as it relates to palm oil accountability. As will be demonstrated, 'accountability' itself is a normative concept and one that is based upon personal values and judgements. That is, the accountability expected of an organisation by different stakeholders will not be the same, and the expectations will also tend to change across time. Chapter 3 will propose an accountability model that is then utilised within the following chapters of the thesis.

Chapter 3 identifies highly cited definitions of accountability from a variety of academic disciplines, as well as definitions from the accounting profession and dictionaries. What will be shown is that the various definitions of 'accountability' generally have much in common, but the application of the various definitions can create vastly

different prescriptions for accountability (and for accounting) depending upon the various judgements being made by those prescribing or assessing organisational accountability. Individuals' own world views will influence what accountability is expected. Chapter 3 will provide and discuss a sequence of steps that arguably are followed in the process of determining what accountability should be demonstrated, and for assessing the accountability that has been demonstrated. A 'model of accountability' is presented that highlights the steps, and these steps can be summarised in terms of judgements, or decisions, about:

- (1) **why** accountability should be demonstrated?
- (2) **to whom** should accountability be demonstrated?
- (3) **for what** aspects of performance should accountability be demonstrated?
- (4) **how** (or where) should the accountability be demonstrated?

Chapter 3 will explain the sequential nature of these decisions and how judgements made in terms of one question will then likely impact the judgements made in the decisions that follow.

Having proposed an 'accountability model' in Chapter 3 that will then be applied in the research that follows, Chapter 4 (Phase 2 of the research) will then investigate and evaluate the accountability being demonstrated by Australian supermarkets in relation to the use of palm oil as an ingredient in their private-label products. Any assessment of accountability is necessarily normative and therefore there are no prescriptions that can be made that will be in accord with the expectations or values of all people. Accordingly, in assessing the accountability of Australian supermarkets, the Accountability Model proposed in Chapter 3 will be utilised to explain the basis of the disclosures the supermarkets *should* be making. That is, Chapter 4 will explain how the judgements made (by the researcher in terms of the issues of why? to whom? what? and how? information shall be disclosed) led to prescribed lists of assessment criteria on *what* and *how* accountability pertaining to palm oil use should be demonstrated by Australian supermarkets

Central to the analysis is the belief (based on scientific evidence and the application of the accountability model) that oil palm forest proliferation has had many negative environmental impacts. Hence organisations, such as supermarkets, owe an

accountability to interested stakeholders in terms of efforts undertaken (or not) to ensure the use of sustainable palm oil in the products they produce.

In developing the lists of expected/prescribed assessment criteria, the study relies upon work undertaken by various interest groups who have a specific focus upon reducing the environmental impacts from palm oil use. Such organisations provided lists of governance policies they would expect to see in place in organisations that use palm oil in the products they sell. The study synthesised these lists to generate: a prescribed disclosure index on *what* “accounts” supermarkets *should* provide; and a list of prescribed disclosure avenues on *how* (or where) the supermarkets *should* provide the “accounts”.

This is done on the basis that if various ‘expert’ organisations have identified particular governance policies/procedures they expected to see in place, then an organisation should provide information (disclosures) about whether such policies were (or, were not) in place so as to enable interested stakeholders to assess the degree to which an organisation is accepting a responsibility (and an accountability) in relation to palm oil use. In developing the assessment criteria, the study relies upon NGOs and other interested stakeholders’ perspectives in a manner that is consistent with the idea of ‘surrogate accountability’ (see Rubenstein 2007).

Whilst Chapter 4 embraced a normative perspective in which the study assesses the disclosures being made by Australian supermarkets against a list of expected/desired disclosures, Chapter 5 and 6 (Phase 3 of the research) embraces a positive perspective in which the study seeks to explain Australian supermarkets’ current disclosures, and changes in disclosures across time. Adopting a joint consideration of stakeholder theory, legitimacy theory and institutional theory, this study explains why the disclosures being made by the supermarkets deviate from what the study construed as being appropriate to demonstrate a sound level of accountability (with the ‘appropriate levels’ of disclosure being determined using the accountability model embraced within this thesis). With the results in mind, the study will identify a number of practical initiatives that the researcher believes could be developed to improve the accountability of Australian supermarkets with respect to the use of palm oil within their ‘home brand’ products.

CHAPTER ONE. INTRODUCTION

1.1 Introduction

This thesis, which comprises three inter-related phases, addresses the issue of supermarkets' accountability for palm oil being used within the private-label products¹ they produce. Framed within the normative notion of accountability, Phase 1 of the research centres on the issue of accountability in general and proposes a 'model of accountability' with a sequence of steps that arguably should be followed in the process of determining what accountability should be demonstrated, and for assessing the accountability that has been demonstrated. Utilising the accountability model proposed in Phase 1, Phase 2 of the research assesses the level of accountability being demonstrated by the Australian Supermarket and Grocery Stores Industry (hereafter referred to as ASGI) pertaining to their palm oil use. Whilst Phases 1 and 2 of the research embrace a normative perspective, Phase 3 adopts a positive perspective in which the study investigates ASGI's motives for palm oil use-related corporate governance disclosures (POUD).

The following sections of this chapter provide an overview of: the problem statement and the motivations of the thesis; the three inter-related research phases/studies; the development of the research methods; the research contributions; and concludes with an outline of the various chapters that follow.

1.2 Problem statement and motivations for the research

According to the United Nations Environmental Programme (2010), our planet's ecosystems – the natural land and water systems - deliver an estimated US\$72 trillion worth of 'free goods' and services essential to a well-functioning global economy. As consumer goods manufacturers and retailers, supermarkets rely heavily on forestry products and agricultural commodities. The conflict between (global) economic development and the conservation of natural capital has figured prominently on the international agenda for more than a quarter of a century and is often linked to

¹ According to IBISWorld 2017, private-label products are defined as products that are branded under the store they are sold in. These products are manufactured for supermarkets under contract and earn higher profit margins'. In other words, these products are often cheaper than branded merchandise.

sustainable development². Arguably, a sustainable market *should* offer suitably produced commodities that contribute to economic and social development, and the conservation of natural capital. In the introduction of the WWF (World Wide Fund for Nature, formerly World Wildlife Fund) Living Planet Summary Report (2014a, p. 2), it is stated:

Biodiversity³ is declining sharply, while our demands on nature are unsustainable and increasing. Species populations worldwide have declined 52 per cent since 1970. We need 1.5 earths to meet the demands we currently make on nature. This means we are eating into our natural capital, making it more difficult to sustain the needs of future generations.

WWF's observations highlighted the current relevance of the research. Yet, despite the unsustainable consumption of "finite" (not "free") natural capital, there appears to be a general lack of critical accounting scholarship on supermarkets' accountability in relation to the use of natural capital. Reflecting on the dependencies of society (in which supermarkets are a part) on natural capital, this research takes up the challenge to extend our knowledge on supermarkets' accountability with reference to one of the greatest "forest risk commodities" – palm oil (The Consumer Goods Forum 2015; The Global Canopy Programme 2015; WWF 2012)⁴.

Overview of the global palm oil industry and its implications

Palm oil, a globally traded agricultural commodity, touches our lives daily as an ingredient in a variety of food and non-food commodities. WWF (2016b) speculates that 50 per cent of all products in an average supermarket contain palm oil. The versatility of palm oil for both food and non-food products is making it the world's most produced, traded and consumed vegetable oil today (WWF Australia 2018).

² Sustainable development is commonly defined as the 'development that meets the needs of the present world without compromising the ability of future generations to meet their own needs' (United Nations World Commission on Environment and Development 1987, p. 8).

³ 'Biodiversity is a term used to describe the variety of living organisms observed in any location. It is used to describe the total number (which is a highly uncertain figure) of different living organisms there are on the planet. High levels of biodiversity are thought to be good (overall, but not necessarily in every place on the planet) as they allow for more robust ecological systems to exist' (Bebbington, Unerman, & O'Dwyer 2014, p. 13).

⁴ According to The Global Canopy Programme (2015), over one-third of tropical deforestation is driven by the production of a handful of commodities – these being palm oil, soya, timber, paper and pulps, beef and leather.

Expanding global demand for palm oil has accelerated the expansion of oil palm plantations in tropical countries around the world. According to Greenpeace UK (2013), *our consumption of palm oil is rocketing: compared to levels in 2000, demand is predicted to more than double by 2030 and to triple by 2050. Over 70 per cent ends up in food, but the biofuels industry is expanding rapidly.*

Rapid expansion of oil palm plantations on peat soils is making this crop one of the key causes of rainforest destruction, which is now one of the world's most intense dilemmas (RSPO 2014b). The loss of pristine rainforests around the world has fuelled global warming, greenhouse gas emissions, loss of habitat to rich biodiversity and high conservation value ecosystems (Friends of the Earth 2005; Koh & Wilcove 2008; Wicke et al. 2011). Despite only covering 7 per cent of the earth's land, rainforests are home to more than 50 per cent of the planet's biodiversity (The Global Canopy Programme 2015). The ecosystems regulate global water systems and the climate, and directly support the livelihoods of over a billion people (The Global Canopy Programme 2015).

While the expansion of palm oil cultivation has become a major sustainability issue for many years, it is also contributing to global economic development. Currently, palm oil is the world's most productive oil crop, thus supporting affordable food prices; as the world's most-used cooking oil, it accounts for 40 per cent of global vegetable oil produced. It also contributed to the reduction of poverty by providing livelihoods to over 4.5 million people (RSPO 2014b). These controversial challenges suggest that attempts to condemn the entire industry are almost impractical.

Stakeholders' initiatives within the global palm oil industry

In the late 1990s, WWF directed attention to the palm oil industry and explored the possibilities of private governance⁵ in the form of a roundtable within the palm oil industry. Roundtables are multi-stakeholder platforms where private parties, companies and non-governmental organisations, have decision-making power

⁵ Private governance is a collaboration/partnership between IGOs and private industry in the form of a global voluntary governance system. This global governance system is an ongoing endeavour by IGOs, international producers and buyers, which aims to regulate sustainability criteria for commodity production across a range of sectors without a mandate from state or international organisations.

(Schouten & Glasbergen 2011). This resulted in the establishment of Roundtable on Sustainable Palm Oil (RSPO) in 2004. RSPO's principle objective is to promote the growth and use of sustainable palm oil through credible global standards and engagement of stakeholders within the entire supply chain.

The RSPO Certified Sustainable Palm Oil (CSPO) first became available in 2008 (RSPO 2017). This means that initiatives have been created by stakeholders in general and community-based interest groups (IGs) in particular, to provide sustainable sources of palm oil. Palm oil users⁶, therefore, do have a realistic choice between using sustainable and non-sustainable palm oil sources as an ingredient in the products they produce. Further, as stated by RSPO (2007):

The palm oil industry can grow and prosper without sacrificing tropical forests by following the requirements of the Roundtable on Sustainable Palm Oil (RSPO). Growers need to stick to this standard and buyers of palm oil need to support them by buying only RSPO certified sustainable palm oil (CSPO)⁷.

RSPO's statement highlighted the fact that complementary actions from palm oil users are essential in transforming the market and making sustainable palm oil the norm. In other words, palm oil users are able and responsible to help in minimising the damaging environmental impacts associated with the proliferation of oil palm plantations. This is a maintained assumption in this research given the global recognition and influence of RSPO, and its huge memberships that comprise experts within the entire palm oil supply chain, conservation organisations, banks and investors⁸.

Correspondingly palm oil users, such as supermarkets, owe an accountability to interested stakeholders in terms of their efforts undertaken (or not) to ensure the use

⁶ For the sake of simplicity, this research has used the term "palm oil users" throughout the thesis to represent manufacturing and/or retailing organisations who source and/or use palm oil as an ingredient in the products they produce.

⁷ CSPO, which is certified according to the RSPO guidelines, provides assurances that valuable tropical forests have not been cleared and that environmental and social safeguards have been met during its production.

⁸ According to the RSPO website, at 31 May 2018, RSPO has 3,920 members from 91 countries around the world.

of sustainable palm oil in the products they produce. That is, in the specific case of this research, organisations operating within ASGI are accountable to stakeholders on the issue of use, or non-use, of palm oil from sustainable sources in the private-label products they produce and sell.

This research focuses on private-label products for a number of reasons. First, being a sub-set of products available for sell in the organisations operating within ASGI, private-label products are branded and manufactured under contract for the respective organisations. The organisations have, arguably, greater control concerning the palm oil use-related corporate governance policies and associated accountability on these products over the other branded merchandise that are sold in their supermarkets⁹.

Second, ASGI is one of the most fiercely competitive industries in Australia (Retail World 2017). The rapid growth of Aldi, a Germany-based discount supermarket chain, has considerably transformed the ASGI over the past five years (IBISWorld 2017). Nathan Cloutman, IBISWorld's analyst, attributes much of Aldi's success to its discount private-label products. He further asserts that the increasing popularity of private-label goods in Aldi stores has led Coles and Woolworths, Australia's two well-established industry giants, to developing and expanding their private-label product ranges (IBISWorld 2017). Private-label product ranges have grown strongly as shares of industry revenue, contributing to approximately one-quarter of all supermarket sales (IBISWorld 2017). It is anticipated that the expansion of private-label product ranges will continue (which Retail World (2017) referred to as the 'golden age for private labels'), as such goods, with their higher margins, are more profitable (IBISWorld 2017). Third, the versatility of palm oil for both food and non-food products means that it is difficult to find alternatives for palm oil¹⁰. The unique properties of palm oil as an ingredient for consumer products mean that palm oil use within ASGI's private-label products will continue and likely to grow in the years ahead.

⁹ The researcher does acknowledge the assumption made in relation to the greater control/influence the organisations have on their private-label products over the other branded merchandise as one of the limitations of this thesis (as will also be mentioned in Section 7.3). Future research could investigate the level of influence the organisations have in terms of the sourcing and labelling practices/policies of their private-label products.

¹⁰ As stated in Woolworths Supermarket's Sustainability Report 2009 (p. 28): 'Replacing palm oil (palm stearin) in bakery goods has proven difficult'.

Initiatives created to provide sustainable sources of palm oil and the issue of supermarkets' accountability for palm oil being used within the private-label products they sell, therefore, raise interesting research questions. For example: firstly, do public disclosures being made by supermarkets enable interested stakeholders to assess whether the palm oil being used in their private-label products is being sourced from sustainable plantations; and secondly what are managerial motivations, if at all, for such voluntary accounting/disclosure practices?

The motivations for seeking to understand supermarkets' accountability and accounting (disclosure) practices (including what motivates these practices) pertaining to palm oil use is a genuine concern for sustainable development. Knowledge from this research will (hopefully) lay the foundations for interested stakeholders (particularly the IGs, governments, ethical investors, growers and the public at large) on future policy and practice towards minimising the negative impacts associated with palm oil use. The perspective taken herein is that the rapid growth of palm oil use for consumer products at the expense of tropical rainforests is an important problem confronting current and future generations. Furthermore, the degree to which supermarkets are accepting a responsibility (and an accountability) - the way in which these organisations contribute to the shared vision of interested stakeholders (including responsible growers) - plays a vital role in the transformation process. The issue of supermarkets' accountability pertaining to palm oil use, therefore, provide fertile and important areas for research on this controversial subject.

1.3 Three research phases

This research covers three inter-related phases/studies. Figure 1.1 below presents the structure of this thesis, together with the research objectives and the research questions proposed for each phase. The three research phases are discussed separately in the following three sub-sections.

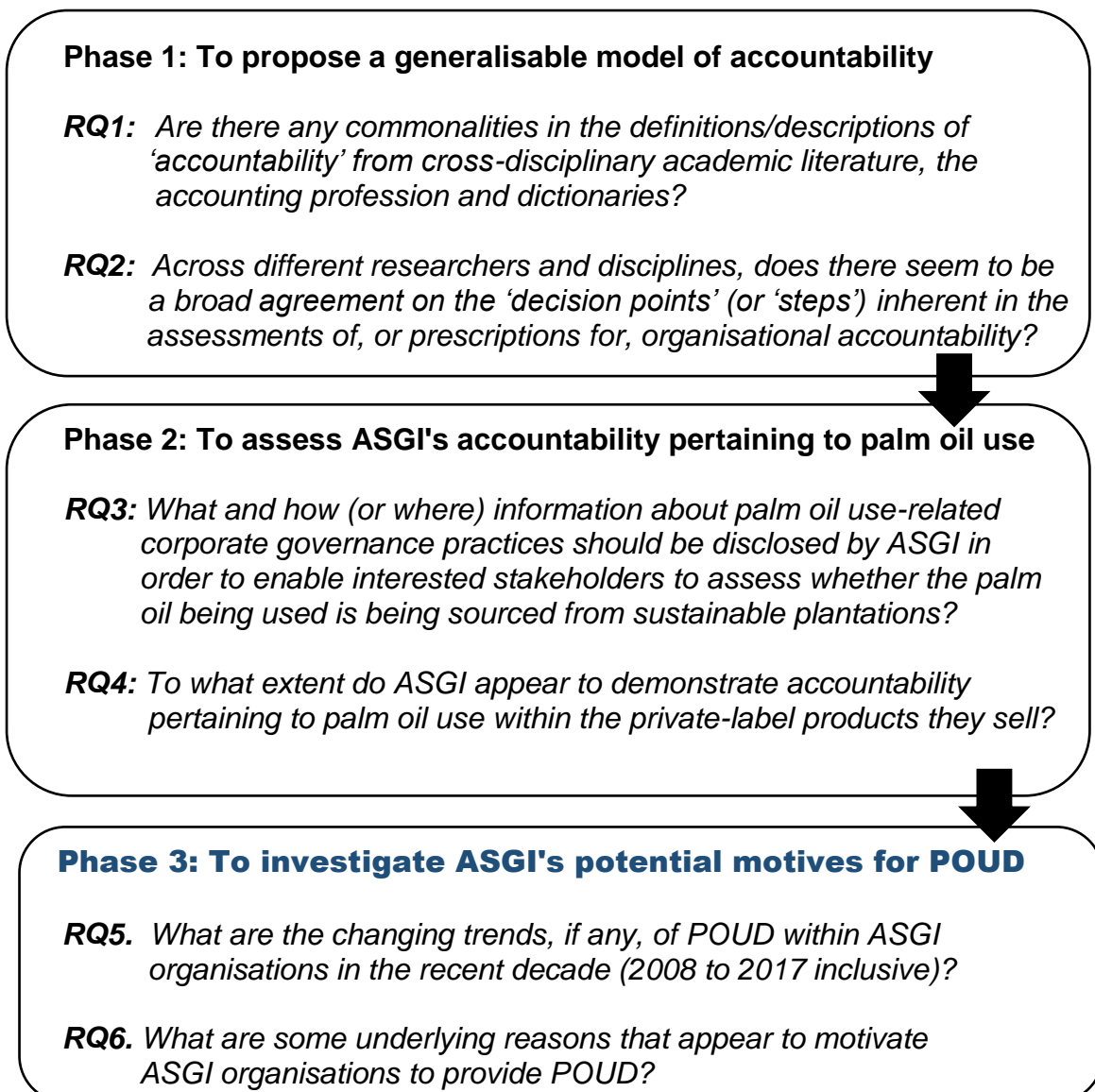
1.3.1 Phase one

In undertaking an investigation of various issues associated with the accountability of supermarkets (with respect to the use of palm oil within the products they sell), the researcher became aware of a number of issues in relation to the broader concept of

'accountability' that require some considerations. In developing an instrument to assess the 'accountability' of supermarkets on the issue of use, or non-use, of palm oil from sustainable sources, much thought and reflection were given to whether: firstly, the researcher could ascribe a common meaning, or definition, to 'accountability'; and secondly, whether the accountability being demonstrated by an organisation could, or should, be understood by virtue of a reasonably generalisable 'accountability framework' (or 'model').

Hence, the focus of Phase 1 is to introduce a generally applicable accountability model that is then utilised within the following chapters of the thesis. Specifically, this phase

Figure 7.1: Structure of the thesis - studies examining ASGI's accountability (and accounting) practices pertaining to palm oil use.



aims to promote a 'model of accountability' that identifies the key factors/questions that an individual/stakeholder/manager might consider when making a judgement about the accountability that *should* be demonstrated by an organisation. Accordingly, the two research questions being proposed for Phase 1 are:

RQ1: *Are there any commonalities in the definitions/descriptions of 'accountability' from cross-disciplinary academic literature, the accounting profession and dictionaries?*

RQ2: *Across different researchers and disciplines, does there seem to be a broad agreement on the 'decision points' (or 'steps') inherent in the assessments of, or prescriptions for, organisational accountability?*

The motivation for undertaking this in-depth investigation of 'accountability' as part of this thesis is that even though 'accountability' is central to the practice of 'accounting', there appears to be little consideration given to the factors which shape perceptions about what 'accounts' should be produced by the managers of an organisation. Strangely, 'accounting' programs delivered in most schools or universities have neither provided any form of in-depth analysis on the notion of 'accountability' nor the nature of the various judgements that need to be made in determining the 'accounts' that *should* be produced by an organisation (Deegan 2019). By specifically focusing on 'accountability', Phase 1 hopes to address some of this void.

The findings of Phase 1 show that various definitions/descriptions of accountability, regardless of their origin, do tend to share much in common in terms of there being an apparent hierarchy of considerations/questions that need to be addressed as part of evaluating, or applying, the idea of 'accountability'. Based on the findings, Phase 1 will also present a discussion about how accountability can be *operationalised* by proposing a generic accountability framework that identifies what judgements need to be made, and the order in which they shall be made, in considering the extent of accountability that *should* be demonstrated. These considerations/questions are to be assessed in a step-down manner, and these steps can be summarised in terms of judgements, or decisions, about:

1. **Why** some forms of accountability should be demonstrated in the first place – that is, why *should* an organisation produce various ‘accounts’?
2. **To whom** *should* accountability be demonstrated – that is, to whom *should* the particular ‘accounts’ be directed (for example, who are the identified stakeholders?)?
3. **For what** aspects of performance *should* accountability be demonstrated to particular stakeholders – that is, what aspects of performance should be reflected within the ‘accounts’?; and
4. **How** (or where) *should* the accountability be demonstrated – for example, what reporting frameworks should be used and where should the ‘accounts’ be displayed?

While a review of the various normative perspectives of accountability leads to a somewhat unified model of accountability (in terms of the nature of the judgements that need to be made in delivering or evaluating accountability), the application of this model (requiring answers to key considerations) explains why there inevitably will be differences in opinions about the nature of the accounts that *should* be prepared by organisations in respect of various aspects of an organisation’s performance. The opinions will be influenced by the values and norms of those making the assessments, and these values will tend to be influenced by time, and by various social and environmental influences.

1.3.2 Phase two

Phase 2 - the primary research issue of this thesis (detailed in Chapter 4) - aims to investigate and assess supermarkets’ accountability for palm oil use. To achieve this objective, this phase focuses on the current accountability level being demonstrated by ASGI in relation to the use of palm oil in the private-label products they sell.

Two broad research questions (which are RQ3 and RQ4 of this thesis) proposed for Phase 2 of this broader research are:

RQ3: *What and how (or where) information about palm oil use-related corporate governance practices should be disclosed by ASGI in order to enable interested*

stakeholders to assess whether the palm oil being used is being sourced from sustainable plantations?

RQ4: *To what extent do ASGI appear to demonstrate accountability pertaining to palm oil use within the private-label products they sell?*

As already mentioned previously, any assessment of accountability is necessarily normative and therefore there are no prescriptions that can be made that will be in accord with the expectations or values of all people. Consequently, in assessing the accountability of ASGI, the model of accountability proposed in Chapter 3 (Phase 1 of the research) will be utilised to develop/explain the basis of the disclosures the researcher believes ASGI *should* be making. That is, Chapter 4 will explain how the judgements the researcher made (in terms of the issues of *why? to whom? what? and how? information shall be disclosed*) led to prescribed lists of assessment criteria on *what and how* accountability (with respect to the use of palm oil) should be demonstrated ASGI.

In developing the lists of assessment criteria, this study relied upon work undertaken by various community-based IGs - in a manner that is consistent with the idea of “surrogate accountability” (see, Rubenstein 2007) - who have a specific interest in reducing the adverse environmental impacts emanating from palm oil use. Such organisations provided lists of governance policies they would expect to see in place in organisations that use palm oil. The study synthesised these lists to develop prescribed/expected lists of assessment criteria, namely:

- a disclosure index with 13 disclosure issues (on *what* information ASGI should provide); and
- a prescribed list with 5 disclosure avenues (on *how* ASGI should disclose the information).

This was done on the basis that if various ‘expert’ organisations had identified particular governance policies/procedures they expected to see in place, then an organisation should provide information (disclosures) about whether such policies were in (were not in) place. This will enable interested stakeholders to assess the

degree to which an organisation is accepting a responsibility (and accountability) in relation to palm oil use.

The results conclude that organisations operating within ASGI are far from fulfilling their accountability to the wider society. While there are governance policies that have been relatively well-disclosed, not one organisation has provided information across all of the issues demanded by the (surrogate) stakeholders (as reflected in the disclosure index). The study argues that various governance policies exist which, if properly utilised, could improve the sustainability of palm oil use activities. Hence, ASGI's improvements in accountability pertaining to palm oil use are arguably as being both possible, and necessary, to enable interested stakeholders to determine the actions undertaken (or otherwise) by ASGI in an endeavour to minimise negative impacts associated with palm oil use.

1.3.3 Phase three

The assessment performed in Phase 2 of the research informs us of the expectation gaps between stakeholders' expectations (*what should be*) and ASGI's current accountability practices (*what actually is*). Hence, this study argues that it is important to explore potential underlying factors that appear to motivate (or hinder) ASGI to disclose information concerning the use of palm oil. The motivation for seeking to understand ASGI's motives for POUD is that any moves to improve ASGI's accountability, firstly, need to consider the reasons that might be driving ASGI to (or not to) disclose information on particular issues (as they are reflected in the disclosure index developed in Phase 2). Accordingly, a further research objective was developed which is presented as the third phase (detailed in Chapter 5 - the theoretical perspective underpinning Phase 3; and Chapter 6).

Whilst Phase 1 and Phase 2 of the research embraced a normative perspective, this phase of the broader research encapsulates a positive perspective in which it seeks to understand, or explain, ASGI's potential motives for POUD. To achieve this objective, this study will examine the current POUD and changes in ASGI's POUD from 2008 to 2017. The 10-year time period is chosen to enable the researcher to explain changes, if any, in ASGI's POUD practices in the recent decade. Specifically,

this study aims to explore ASGI's POUD trends after stakeholders' initiatives targeting at palm oil users in the late 2000s, including the initiatives created to provide sustainable sources of palm oil in 2008. Hence, two research questions (which are RQ5 and RQ6 of this thesis) proposed for Phase 3 of this broader research are:

RQ5. *What are the changing trends, if any, of POUD within ASGI organisations in the recent decade (2008 to 2017 inclusive)?*

RQ6. *What are some underlying reasons that appear to motivate ASGI organisations to provide POUD?*

The insights from stakeholder theory, legitimacy theory and institutional theory will be used to explain why disclosures being made by ASGI deviate from what the researcher construed as being appropriate to demonstrate a sound level of accountability (with the 'appropriate levels' of disclosure being determined through the use of the accountability model embraced within this thesis). With the results in mind, a number of practical initiatives that could be developed to improve the accountability of ASGI will be identified.

The results from Phase 3 show that ASGI's POUD were primarily reactive and propelled by stakeholder pressures and the need to re-establish organisational legitimacy. That is, if the sample organisations do not react to the expectations of the powerful stakeholders, they may run the risk of breaching the "social contract" within which they operate, at which point a legitimacy gap will grow (as the level of conflict increases) and the levels of positive and passive support decrease and thereby legitimacy is lost.

This study demonstrates the link between IGs' (the surrogate stakeholders) initiatives and ASGI's disclosure responses, suggesting ongoing external pressures (from IGs, consumers and governments) are essential to improve the accounting and accountability of Australian supermarkets.

1.4 Research methods for the three phases: an overview

The research methods applied in this thesis are determined by the nature and background of the research (Creswell 2009). The research methods are discussed separately in each chapter (Chapter 3, 4 and 6) as the method(s) pertain to each phase of this thesis. An overview of the development of the research methods is provided below.

1.4.1 Phase one

A broad search for definitions or descriptions of ‘accountability’ was undertaken for this component of the thesis. The intention was to review influential and high-quality literature of greatest relevance to the research questions in order to provide, as far as possible, informed perspectives pertaining to ‘accountability’. Specifically, the researcher searched:

- journal articles from different academic disciplines (including accounting),
- guidance released by the accounting profession, and
- definitions of accountability provided by dictionaries.

To keep the review manageable, 70 scholarly journal articles were selected for review (this was an arbitrarily selected number), as listed on Google Scholar, that meet the following selection criteria:

- (1) the title of the paper must contain the term “accountability”;
- (2) the paper must have more than 100 citations; and
- (3) the paper must be published in the English language.

The search for definitions/descriptions of ‘accountability’ from the accounting profession includes searches on the websites of International Accounting Standards Committee (IASC), International Accounting Standards Board (IASB), Financial Accounting Standards Board (FASB), Australian Accounting Standards Board (AASB), and AccountAbility¹¹. Using the key terms “definition” and “accountability” the search continued, through Google, for common dictionary definitions on accountability.

¹¹ AccountAbility is a global consulting and standards firm that has worked with various organisations for over two decades, promoting responsible business practices (AccountAbility 2016).

Twenty-three definitions (17 from cross-disciplinary scholarly journal articles, 3 from the accounting profession and 3 from dictionaries) were extracted from the original sources for review. This focussed sample of definitions/descriptions of accountability is a value resource in its own right for those people interesting in understanding or researching various issues associated with 'accountability'.

When synthesising these definitions in terms of finding common elements, the study used the four factors identified by Deegan (2019, 2014), and Deegan and Unerman (2011) as being the central pillars in the discussion and evaluation of accountability. These being the issues of:

1. **Why** is the entity reporting/providing an account?
2. **To whom** is that account being primarily directed?
3. **What** elements of performance are being accounted for?
4. **How** is that account to be provided?

1.4.2 Phase two

A number of interrelated stages were involved in undertaking the analysis. The first is the identification of what information stakeholders believe organisations should disclose (prescriptions for the *what* element), and the identification of the disclosure avenues that stakeholders assert organisations should use (prescriptions for the *how* element). Second, there is the development of assessment criteria, including prescriptions for the *what* (Scorecard for Sustainable Palm Oil Use with 13 disclosure issues against which actual disclosures by ASGI could be analysed); and *how* (a list with 5 prescribed disclosure avenues) elements. Third, the research led to the design of a questionnaire instrument and related surveys (via emails) to elicit opinions from experts attached to different IGs to validate the comprehensiveness and credibility of the assessment criteria developed. Prior to conducting the surveys, ethical approval was received from the RMIT Human Research Ethics Committee.

Content analysis was employed to analyse ASGI's palm oil use associated accountability/disclosure demonstrated via annual reports, sustainability reports, corporate websites and disclosures at IGs' portal - RSPO Annual Communication of

Progress (ACOP). Meanwhile, field surveys of a random sample of each organisation's private-label products were conducted to assess each organisation's accountability demonstrated via product labels. The aim here is not to undertake a highly extensive statistical examination of a randomised sample of the organisations' private-label products. This exploratory study will arguably provide us with some preliminary ideas of whether these organisations were in fact attending (or not attending) to the demands/expectations of IGs in regard to product labels.

1.4.3 Phase three

Content analysis was utilised to explore ASGI's POUD between 2008 and 2017. Whilst Phase 2 assessed ASGI's accountability being demonstrated via five disclosure avenues (annual reports, sustainability reports, corporate websites, product labels and RSPO ACOP), this study elected to review two corporate public disclosure avenues that were constant throughout the period of analysis, i.e. annual reports and sustainability reports. These publicly available reports are generally used by stakeholders, such as IGs (as evidence shown in Chapter 4), government and the community at large, in assessing an organisation's performance (Farneti & Guthrie 2009; O'Dwyer, Unerman & Hession 2005).

In analysing the actual disclosures made by ASGI, the content analysis instrument/disclosure index developed in Chapter 4 (Scorecard for Sustainable Palm Oil Use) was again employed to determine the connection between IGs' initiatives and the ASGI's POUD. Content analysis is considered an important methodology in communication research and has been employed widely by researchers trying to acquire reliable and valid information from narratives that appear in the natural context of the phenomenon being examined (Krippendorff 2012). Content analysis also serves as an effective means of analysing published information objectively, reliably and systematically (Guthrie et al. 2004).

1.5 Contributions to knowledge

This thesis contributes to the literature as it provides insights into the accounting and accountability practices of Australian supermarkets with specific reference to their use

of palm oil as an ingredient within their private-label products - one of the greatest forest risk commodities. It is an area in which (to the best knowledge of the researcher) there is no published research, but which nevertheless has been an area of performance that has attracted considerable stakeholders' attention. Further, the idea of 'accountability' is obviously central to the research of, and teaching and practice of accounting, yet it does not seem to attract sufficient attention. By specifically focusing on supermarkets' accountability on palm oil use, this research hopes to address some of these deficiencies in our knowledge on these subjects. Whilst the three phases within this research together contribute to the understanding of the issues underlying ASGI's accounting and accountability practices relating to palm oil use, there are several further significant contributions derived from each phase of this thesis. These are explained in more detail below.

1.5.1 Phase one

Phase 1 contributes to the SEA literature on how accountability can be operationalised by proposing a generic accountability model - an area which is important in defining what "accounts" are due (Deegan 2019). This study promotes a model that the researcher believes should be utilised within accounting programs to emphasise the subjective nature of accounting. The model could also be used by organisations in the process of determining the nature of accountability that *should* be demonstrated, or by various stakeholders in assessing the accountability that has been demonstrated.

1.5.2 Phase two

Phase 2 contributes to the SEA literature by offering an overview on an unexplored area – specifically, how the ASGI voluntarily (and publicly) reports on sustainable (or unsustainable) palm oil use. Further, this is the first known study that utilises the normative accountability theoretical perspective in an empirical testing. Phase 2 is also the first study that explores organisational accountability demonstrated via product labels, alongside with annual reports, sustainability reports, corporate websites and disclosures via IGs' portal. The findings also provide evidence that researchers should perhaps reconsider relying merely upon annual reports when doing SEA research.

The results from this study will enable interested stakeholders to assess the degree to which the sample organisations are accepting a responsibility (and accountability) in relation to their palm oil use. Hence interested stakeholders will be encouraged to make informed decisions about whether or not to support an organisation. Although this study focuses on ASGI, the scorecard developed considers the global context of corporate governance policies in relation to sustainable palm oil use. Therefore, it can be expected that this scorecard would be useful for any global palm oil users who want to understand the expectations and accountability duty exerted upon them by various stakeholders. Developed on the basis of both primary and secondary data, the Scorecard is arguably the most complete index yet developed for this very specific area of disclosures. While it will have its own limitations, it provides a useful basis for evaluating disclosures (and thus organisational accountability); and a solid basis for other researchers and practitioners to further refine and develop. Moreover, this study would help forward-looking policy-makers to capture competitive advantage related to the reputational and operational risks and/or opportunities associated to their business activities' dependencies and (negative) impacts on the natural capital – the tropical forests and peatlands - that have been extensively destroyed so that palm oil can be cultivated.

1.5.3 Phase three

Whilst prior research (though very limited) on managers' motivation to provide SEA within the palm oil industry focuses on the palm oil growers, Phase 3 extends the knowledge - from the palm oil users' perspective - to explore what and why managers provide disclosures pertaining to their palm oil use. The study considers whether the organisations are fulfilling their responsibility to ensure sustainable palm oil use within their supply chains and identifies a number of practical initiatives that could be developed to improve the accountability of Australian supermarkets.

Such knowledge is of direct relevance to consumers, governments and IGs' decision-makers. The results inform the consumers of their "power" in demanding change. That is, the consumers are able to dictate the behaviour they expected ASGI to embrace. For the government, the results could provide the basis for questions about the need to regulate disclosures made by businesses or other organisations pertaining to the

use of palm oil. To the IGs decision-makers, the knowledge informs them on which and how IGs' initiatives have been effective/successful in exerting pressures upon the organisations to adapt to their demands/expectations. These initiatives could be applied to other palm oil users in different sectors of the economy (such as manufacturers of consumer products) and nations.

In sum, the results from this research could potentially lay the foundations for future policy and practice. The rationale for identifying ways to improve the organisations' accountability is if we accept the notion that accountability reflects behaviour, then the extent to which these organisations embrace sustainability implications in their disclosure policies may be an important factor to the future of palm oil industry and the natural capital. As stated by Adams (2008, p. 366):

If the purpose of scholars in the field is to improve the social and environmental performance of organisations, then our theorizing must help us understand the potential for change towards greater accountability and improved performance.

The contributions, both theoretical and practical, from each phase of this research are elaborated upon in a separate chapter relating to the respective study.

1.6 Organisation of remaining chapters

The balance of this broader research is organised as follows.

Chapter 2 presents an overview of the extant literature in the areas of: (i) social and environmental accounting (SEA); and (ii) the global palm oil industry. The central aim of the first section is to provide an overview of the prior research in SEA. In doing so, this research identifies some significant gaps in the SEA field in relation to research within the context of organisational accountability pertaining to palm oil use. The initial discussion within the first section focuses on the meaning and emergence of SEA and corporate social and environmental disclosure (CSD) practices as they have been applied in the SEA research. Key prior research findings on the CSD practices of organisations are also briefly discussed. The second section of this chapter focuses on palm oil: its use and impacts. In particular, some major issues of concern within the

global palm oil industry will be highlighted. Then, a brief consideration of the issues of stakeholder initiative and pressure on palm oil users will be provided. Before presenting some concluding remarks, the rationale for choosing the Australian Supermarket and Grocery Stores Industry (ASGI) as the focus of this thesis is also provided in this chapter.

Chapters 3, 4 and 6 relate to Phase 1, Phase 2 and Phase 3 (with the theoretical perspectives underpinning Phase 3 being presented in Chapter 5) of this research, respectively. These chapters present some background to each phase of the broader research, the application of theories, the research methods (including acquisition of the requisite data, measurement techniques and analytic techniques), results, interpretations, discussions and conclusions. **Chapter 3** presents an in-depth study on the notion of “accountability” with the intention to propose a generalisable accountability model that can serve as the basis for the various ‘accountability judgements’ the researcher was making in developing an instrument to assess the “accountability” of supermarkets in relation to the use, or non-use, of palm oil from sustainable sources. Based on the results derived from Chapter 3, **Chapter 4** assesses the current accountability level being demonstrated by ASGI in relation to the use of palm oil in the private-label products they sell. Based on the results from Chapter 4, **Chapter 6** focuses on ASGI’s motivations to provide POUD.

Before presenting Chapter 6, a discussion of the theories underpinning Phase 3 is presented first in Chapter 5. The primary purpose of **Chapter 5** is to provide a general overview of some of the theoretical perspectives that have commonly been used by researchers working in the area of social and environmental accounting.

Chapter 7 provides a conclusion for the thesis by revisiting the research objectives and summarises the main research findings. The research implications and contributions, the limitations of the thesis, and directions for future research are also included.

CHAPTER TWO. LITERATURE REVIEW

2.1 Introduction

This chapter consists of two broad sections: firstly, an overview of prior research in the areas of social and environmental accounting (SEA); and secondly, an overview of the focus of this research: the use of palm oil - its impacts and challenges. In doing so, the first section identifies some research deficiencies in the SEA field in relation to research on organisations' accounting and accountability practices pertaining to the use of natural capital¹² in general, and supermarkets' palm oil use-related accounting and accountability practices in particular. The discussion in the latter section will primarily lead to a detailed outline of the investigation, which forms the primary research issue of this thesis, of the accountability and accounting (disclosure) practices of the Australian Supermarket and Grocery Stores Industry (ASGI) pertaining to palm oil use (detailed in Chapter 4).

2.2 The extant literature

A common normative theme within the academic literature is that SEA enhances organisational accountability (Gray, Owen & Adams 1996). A simple diagram depicting the links among corporate social responsibility (CSR), SEA, accountability and corporate social and environmental disclosure (CSD) is shown in Figure 2.1.

Figure 2.1: The link among CSR, SEA, accountability and CSD.



¹² According to International Institute for Sustainable Development (2018), natural capital is the land, air, water, living organisms and all formations of the Earth's biosphere that provide us with ecosystem goods and services imperative for survival and well-being. Furthermore, it is the basis for all human economic activity (www.iisd.org).

Hence, to appreciate the essence of accountability, and thus CSD, it is essential to understand what CSR and SEA mean. Accordingly, a brief discussion on the definition and insights into the emergence of SEA is essential to help readers to understand the concepts that have inspired this research.

2.2.1 Business organisations and society: the emergence of SEA

Accounting has generally been concerned with the provision of economic information for entities having a present or future economic relationship with business organisations. As such, traditional corporate financial reporting, which started modestly in the early nineteenth century, provides a simple listing of balance sheet items to justify corporate dividends for the benefit of its shareholders and creditor groups. However, the past few decades have witnessed that financial capital providers, including shareholders, are not the only group being affected by the actions of business organisations. The 'wider public', such as employees, consumers, governments and the community at large are also affected by the business activities of organisations (Gray, Owen & Adams 1996). While it is acknowledged that the existence of organisations has contributed to global economic and technological progress, there is also growing public awareness of the social and environmental degradations created by organisations. Their actions have spurred on community awareness about human rights and the need to conserve natural capital (Gray, Adams & Owen 2014).

In the 1980s pollution, resource depletion, waste, product quality and safety, the rights and status of workers, and the power of large business organisations were issues which became the focus of increasing attention and concern (Gray, Owen & Maunders 1987). Buchholz (1986) asserts that organisations cannot act as if they were operating in a social vacuum. Friedman's (1962) doctrine that the only social responsibility of organisations is to maximise profits became the subject of increasing challenge, given the central role that organisations (and especially the market economy in which they function) play in contemporary society. The constantly changing societal expectations redefined society's notion of an organisation's social responsibilities (Heard & Bolce 1981).

As business organisations came to be seen as increasingly powerful in society, there were calls for organisations to be made more accountable to the wider public. Gray, Owen and Maunders (1988) identify several reasons why there is an obligation to report business dealings to the general public. These include, for example:

- rising demand for greater recognition of the view that those who are significantly affected by decisions made by political and economic institutions in general must be given the opportunity to influence those decisions;
- the potential gap between private gain and social gain has become a source of public concern, especially when referring to so-called 'externalities', for instance pollution;
- the development and growth of trade unions in most developed countries; and
- the substantial growth in concentration of political and industrial power has meant that some organisations are now large enough to exert influence on macro-economic variables and national economic and social policies.

The rise in CSR awareness has increased the criticism of the use of profit as an all-encompassing measure for corporate performance, to more transparency on issues of corporate social responsibility (Hackston & Milne 1996). The concept of sustainable development - how organisations manage human activities in such a way that they meet physical and psychological needs without compromising the ecological, social and/or economic base - has become a central organising theme within contemporary society (Bebbington, Unerman & O'Dwyer 2014). In light of this, organisations began to increasingly consider CSR (Owen 2008).

Research into the different aspects of CSR has become popular among scholars over the last few decades. Russo and Perrini (2010), for example, argue that profit can no longer be the sole objective of business organisations. Rather, organisations' success is also based on their relationships with the various stakeholder groups. Such relationships embrace many interests that develop a necessary integration of 'business in society', in which businesses become responsible for the long-term effects of their operations and creation of values.

As a significant component of CSR (Gray, Owen & Maunders 1987), SEA is an inclusive field of accounting for social and environmental events which arise as a result of, and are intimately tied to, the economic actions of certain institutions (Bebbington, Larrinaga & Moneva 2008a). Gray (2000, p. 250) notes that SEA is the 'preparation and publication of an account about an organisation's social, environmental, employee, community, customer and other stakeholder interactions and activities, and where possible, the consequence of those interactions and activities'. Gray (2002, p. 688) further argues that 'the heart of SEA project tries to create and occupy a new discipline space which seeks some manifestation of what an 'alternative/critical' accounting might look like [...]'.

The emergence of SEA has given rise to many theoretical and empirical research studies. SEA research is generally regarded as a substantial discipline that emerged in its own right during the 1970s (Mathews 1997). Throughout the 1990s, SEA research increasingly gained prominence and became much more widely accepted (Mathews 1997). In recent decades, SEA research has taken centre stage in the accounting research literature (Parker 2014).

Whilst SEA research takes 'a wide variety of forms and appears under various labels' (Gray 2002, p. 687), it seems that many scholars are particularly focusing on the study of CSD practices and the motivations for CSD (see, for example Azim, Ahmed & D'Netto 2011; Bebbington, Higgins & Frame 2009; Deegan & Gordon 1996; Guthrie & Parker 1989; Jones, Hillier & Comfort 2014; Kamal & Deegan 2013; Khan 2010; Loh, Deegan & Inglis 2014; Patten 1992; Teoh & Thong 1984). Other research areas that have also attracted great attention are the issue of organisational accountability (for example Adams 2002; Cooper & Owen 2007; Haque & Deegan 2010; Lehman 2001), market reactions on CSD (Guidry & Patten 2010), and how to cost externalities (Bartolomeo et al. 2000; Burritt 2004; Deegan 2008).

Since this thesis focuses on the issue of supermarkets' accountability, CSD (more specifically environmental disclosures) and motivations behind CSD, the overview that follows will focus on prior literature in these areas.

2.2.2 Corporate social and environmental disclosure (CSD)

Deegan (2007) defines CSD as the provision of information about the performance of an organisation in relation to its interaction with its physical and social environments. Gray, Kouhy and Lavers (1995a, p. 47) assert that CSD:

[A]t its broadest may embrace: both self-reporting by organisations and reporting about organizations by third parties; information in the annual report and any other form of communication; both public domain and private information; information in any medium (financial, non-financial, quantitative and non-quantitative). It is not restricted necessarily by reference to selected information recipients; and the information deemed to be CSR may, ultimately, embrace any subject.

Prior research has documented that CSD emerged in the early 1970s, as a form of CSR reporting (Ernst & Ernst 1979; Gray, Kouhy & Lavers 1995a). However, some studies in the SEA literature suggest that CSD was practised well before the 1970s (see, for example Flesher & Flesher 1980; Guthrie & Parker 1989; Hogner 1982; Lewis, Parker & Sutcliffe 1984). Flesher and Flesher (1980), for example, investigated the financial statements of large industrial firms operating in Mississippi during the American Civil War of the 1860s. They identified that the financial statements of Andrew Brown Lumber Company documented the amount for food, shelter, clothing, health and general welfare given to slaves as early as 1865.

Hogner (1982) investigated CSD in the annual reports of US Steel Corporation for the period 1901 to 1980. Similarly Guthrie and Parker (1989) examine, for 100 years (1886-1985), the CSD practices of Australia's Broken Hill Proprietary Company Ltd (BHP) - an Australian company famously engaged in the steel industry. Both studies employed historical and content analysis research methods. These studies' findings produced similar observations and contended that CSD has a long and rich history. The disclosure categories of both companies focused on human resources and community involvement, with greater disclosure of environmental issues in the post-1960s period, as a result of public pressure.

The results from these studies are consistent with Gray's (2013) indication that environmental reporting, and its later morphing into 'sustainability' reporting, became a source of some interest during the 1970s. By the late 1980s, businesses began disclosing more information on the environmental impacts of their activities as 'green' or environment-related issues became much more popular among the general public (Harte & Owen 1991). By the early 1990s, environmental reporting was the most prevalent among all types of voluntary accounting (Gray 1992). Since then, the concept of public environmental reporting has gained rapid acceptance from business organisations as a means to communicate with their stakeholders on the commitment to improve environmental performance (ACCA 2004).

In terms of the voluntary reporting framework for CSD, a model was developed by the United Nations in the early 1990s, and incorporated disclosures such as environmental policies, capitalisation of environmental spending and spending on environmental protection (Cowe 1992). Nonetheless, the world's most prevalent framework for the voluntary reporting of social and environmental performance by business worldwide is the Global Reporting Initiative (GRI) (Nikolaeva & Bicho 2011). Apart from GRI, further initiatives emerged and examples of these were the United Nations Global Compact, SustainAbility/UNEP, AccountAbility, the Prince of Wales' Accounting for Sustainability project, and the ACCA Environmental Reporting Awards scheme. Strategies such as these have appeared to be gradually more influential in recent years (Gray, Adams & Owen 2014).

Over the last two decades, CSD has developed substantially and attracted the interest of various groups such as governments, shareholders, professional accounting bodies, social and environmental NGOs as well as the public at large (Gray 2013). Stakeholders' pressures, particularly from consumers and NGOs, on organisations' social and environmental performance have led to an increase in CSD provided by organisations via their publicly available corporate reports (see, for example empirical evidence from Gray, Bebbington & Collison 2006; Heard & Bolce 1981; Islam & Deegan 2008; Loh, Deegan & Inglis 2014; Roberts 1991; Tilt 1994).

The KPMG International Survey of Corporate Responsibility Reporting 2017 also documented that around 75 per cent (up from 44 per cent in 2011) of 4900

organisations (comprising the top 100 organisations by revenue in each of the 49 countries studied in this survey) issue a stand-alone sustainability report. The same report also finds that 78 per cent of the world's 250 largest organisations in terms of revenue (based on the Fortune 500 ranking of 2016) report social and environmental information (which KPMG referred to as Corporate Responsibility (CR) information or non-financial information) within their annual financial reports. It suggests that these large organisations believe CR information is relevant for investors. GRI G4 Guidelines or Standards remains the most adopted framework with around two-thirds of reports analysed in the survey applying the guidelines (KPMG 2017).

Today, CSD remains a global phenomenon within the scope of SEA research despite the growth of voluntary social and environmental reporting. The initiatives generated by various entities on the reporting framework serve only as guidelines for the disclosure of social and environmental information to the public. It is not, in fact, a legislated statute or regulation followed by all organisations around the world. Hence, CSD provided by organisations remains significantly incomplete as either a true picture of their social and environmental performance or as a mechanism for the discharge of accountability (Owen 2008; Whiteman, Walker & Perego 2013).

It is the voluntary nature of CSD that has given rise to much theoretical and empirical research in this area in general - and research that identifies the explanations of, or motivations for CSD in particular. Deegan (2017) notes that historically this topic area - classified as a positivist approach to research - is probably the research focus that has generated the most attention from SEA researchers across all accounting journals. Studies of CSD primarily employ content analysis method to examine determinants of CSD (Owen 2008; Parker 2014). Studies explaining managerial motivations for CSD generally apply political economy theories such as legitimacy theory, resource dependence theory, stakeholder theory, and institutional theory (Chen & Roberts 2010).

2.2.3 Organisational accountability issue

Accountability has been central to much debate in the SEA literature particularly on the scope/extent that business organisations are, or should be, held responsible and

accountable to society (Gray Owen & Maunders 1991; Parker 2014). This area of research prescribes what *should* be and can therefore be classified as a normative approach to research. Based on the normative concept, CSD decisions should be based on the beliefs about what managers are considered to be accountable for, and what people need to know about an organisation's social and environmental performance (Deegan 2002). This type of research has sought to examine how CSD can be seen as reflecting and discharging the responsibilities and subsequent accountabilities of organisations, and in so doing this area of research has been motivated by democratic concerns about the rights to information and the means by which organisational behaviour might be controlled by society.

Early research in this area focuses collectively on prescriptive work and the emphasis is on normative attempts to improve CSD practices (Owen 2008). Normative research such as Hackston and Milne (1996), Gray, Kouhy and Lavers (1995b) contributes useful insights in relation to the measurement and classification of CSD. Hackston and Milne (1996), for example, have sought to embrace corporate social and environmental performance into six categories of disclosure themes: environment, energy, human resources, product, community involvement, and others. Examples of other studies within this area of research include Ferdousi (2013), Gray, Owen and Adams (1996), and Haque and Deegan (2010).

2.2.4 Literature on palm oil

Research focusing on the palm oil industry appears to have increased over the last decade (Boons & Mendoza 2010). The literature, however, has focused mainly on: firstly, the boom in palm oil cultivation at the equatorial regions (Glasbergen 2006; Huddleston & Tonts 2007; Kaewmai, H-Kittikun & Musikavong 2012; Lam et al. 2009; Santosa 2008); secondly, the adverse impacts of unsustainable palm oil cultivation on conservation and biodiversity (Abood et al. 2015; Fitzherbert et al. 2008; Koh & Wilcove 2007; Koh & Wilcove 2008; Pfeiffer, Ho & Teh 2008; Vijay et al. 2016; Wicke et al. 2011; Wilcove & Koh 2010); and thirdly, studies examining RSPO standards and its effectiveness (Bessou et al. 2014; Brassett, Richardson & Smith 2012; Cattau, Marlier & DeFries 2016; Nesadurai 2013; Ruysschaert & Salles 2014; Schouten & Glasbergen 2011; von Geibler 2013).

Another strand of research that has appeared – despite being very minimal - seeks to investigate the environmental disclosure practices of palm oil plantation organisations in Malaysia. Othman and Ameer (2010) study the annual report disclosures made by 60 listed organisations in the plantation subsector of Malaysia's palm oil industry in 2007, with reference to four key issues: environmental policy, measurement systems, targets for improvements and impact on biodiversity. Their findings indicate that the extent of these organisations' disclosures has been very slight and conclude that the gaps in knowledge, of both palm oil plantation organisations and stakeholders, on environmental protection need to be addressed to prevent further environmental degradation.

A more recent study by Yatim (2017) examines the CSR activities reported by Malaysian organisations in their 2014 annual reports. The results show that despite a considerable variability in the reporting practices and levels of CSD, the majority of these organisations report extensively on environmental-related information. The second most disclosed CSR information is on workplace CSR activities, followed by the community and marketplace CSR-related information. These findings show that the majority of organisations appear to react to the call of stakeholders to minimise the negative social and environmental impacts of their operations by focusing on sustainable agricultural and workplace best practices within their CSR programs.

Reviewing the literature demonstrates that there is a general lack of research (to the best of the researcher's knowledge, this is the first study on this subject) that examines the accountability issue (and CSD practices) of the palm oil industry from the palm oil users' perspective. While SEA research takes a wide variety of forms and appears under various labels (Gray 2002), much of the research has focused on social and environmentally sensitive industries such as mining, chemicals, clothing, gambling, building and construction (see, for example Deegan & Blomquist 2006; Deegan, Rankin & Tobin 2002; Fiedler & Deegan 2007; Guthrie & Parker 1989; Islam & Deegan 2010; Loh, Deegan & Inglis 2014; Milne & Patten 2002; Patten 1992). What is also greatly lacking is research that investigates organisations' accounting and accountability practices pertaining to the use of natural capital in general, and an absence of (to the best of the researcher's knowledge) research investigating

supermarkets' palm oil use-related accountability and accounting (disclosure) practices in particular.

The review also demonstrates that prior normative research focuses on prescribing *what should be*; in other words, what aspects of performance organisations should reflect within their “accounts”. There is an absence of research seeking to prescribe *how should* organisational accountability be demonstrated - that is, where should the “accounts” be displayed. These research deficiencies will be addressed in this thesis.

2.3 Research background

This section presents an overview of the contextual background of this research: the global palm oil industry. The initial discussion focuses on palm oil - its use and impacts of palm oil use. Then a brief consideration of the issue of stakeholder pressure, both globally and within Australia, on palm oil users will be provided. A discussion on the rationale for choosing ASGI as the focus for this thesis will also be presented.

2.3.1 Overview of the use of palm oil

The oil palm (*Elaeis Guineensis*) is native to West Africa and is now commercially grown in humid equatorial regions around the world, especially in Southeast Asia (McCarthy & Cramb 2009; Pfeiffer, Ho & Teh 2008; Shah et al. 1994). Over the last decade, there has been a substantial increase in the number of commercial plantations in Latin America and West Africa (Von Maltitz et al. 2009). Palm oil is often labelled as a vegetable oil (WWF 2016b), but it is actually extracted from the fruit of the oil palm. This fruit grows in a large cluster known as a fresh fruit bunch (FFB). Harvesting of FFB can begin after the palm reaches three years of maturity. The fruit bunches are collected and pre-processed in local mills to produce crude palm oil, while the palm kernel is refined to produce palm kernel oil. The press residue, palm kernel meal, is sold as animal feed (RSPO 2014b).

The crude palm oil and palm kernel oil are shipped in bulk carriers to end markets such as India, Europe, the United States, China and Australia (IndexMundi 2016a). Due to its versatility at the end markets, palm oil is refined into a broad range of food and non-

food products that appear in 50 per cent of all packaged supermarket products (WWF 2016a). For instance, palm oil is found in food products such as margarine, bakery products, ice-cream, cereals, chocolates products, sauce mixes, baby formula, and instant noodles (WWF 2014b).

According to WWF (2016b), palm oil is widely used to make bread and as an ingredient in margarine because it is solid at room temperature and is free from trans-fat; it keeps chocolate from melting; gives baked products, such as cookies and frozen savouries, a creamy taste and texture; and it makes ice-cream smoother and softer. Palm oil is also found in non-food commodities. It is used in pharmaceuticals and cosmetics such as lipsticks as it holds colour well and provides a smooth application with virtually no taste. It is used as an ingredient in soaps, shampoos, and cleaning detergents for its ability to remove oils and dirt effectively.

Other non-food commodities that used palm oil as an ingredient include candles, industry lubricants and printing inks (Union of Concerned Scientists 2015; WWF 2016b). Furthermore palm oil, along with soybean, rapeseed and sunflower, is also used to produce biofuel - a renewable energy (Net Balance Foundation 2013).

Oil palm is an extremely productive crop. A hectare of oil palm, on average, produces almost ten times more oil than other oil crops (RSPO 2014b). Therefore, currently there is no economically attractive replacement for palm oil. As the world's most-used cooking oil, oil palm contributes significantly to the global supply of edible oils (IndexMundi 2016b; WWF 2016a). By 2013, palm oil accounted for 40 per cent of the 169 million tonnes of global vegetable and fruit oils produced (RSPO 2014b). Global production of palm oil has increased ten-fold since 1980, driven largely by population growth and rising incomes (WWF 2014b). Over the last decade, imports for palm oil in the United States alone increased by 485 per cent (Rainforest Action Network 2014). Conservative estimates have contended that there will be at least a further 50 per cent growth in global demand for palm oil by 2050 (WWF 2014b).

2.3.2 The impacts of palm oil use

As with nearly any commodity, there are positive and negative economic, social and environmental impacts along the palm oil supply chain as a result of its use. The rapid growth in demand worldwide for palm oil has driven the development of vast plantations. As a result, during the past few decades, oil palm plantations have expanded dramatically around the world (Fitzherbert et al. 2008; Koh & Wilcove 2008). Despite being a versatile, inexpensive¹³ and extremely efficient crop to produce, many adverse environmental impacts have accrued as a result of (unsustainable) palm oil proliferation.

Oil palm grows best in a low-lying, high rainfall and hot climate - exactly where tropical rainforests would naturally grow (Von Maltitz et al. 2009). This limits plantations to tropical rainforest areas and raises concerns about deforestation. Nearly 90 per cent of palm oil is grown in what were formerly pristine rainforests of Malaysia and Indonesia, with sixteen million acres - an area similar in size to West Virginia - of active cultivation (Rainforest Action Network 2014). Forest that is equivalent to the size of 300 football fields is being destroyed every hour for palm oil cultivation in Indonesia and Malaysia (Say No to Palm Oil 2017). Responding to the growing demand for palm oil, the expansion of oil palm plantations in Indonesia has doubled within past decades, that is, from 3.9 million hectares in 1999 to 7.8 million hectares in 2010 (Directorate General of Estate 2010). Other tropical countries with emerging oil palm plantations include Thailand, Colombia and Nigeria (IndexMundi 2016b; RSPO 2014b).

Current debate about the recent boom in palm oil demand has largely been spurred by the change in land use that occurs by converting natural rainforests in South East Asia, West Africa, and South America to oil palm¹⁴ plantations. Land use change has, in turn, further social and environmental implications including: global warming; high greenhouse gas emissions; loss of rich biodiversity and high conservation value ecosystems; the destruction of rare and endangered species such as orangutans and Sumatran tigers; forest fires and related respiratory diseases; as well as violation of

¹³ The price of palm oil is lower than other vegetable oils (Net Balance Foundation 2013).

¹⁴ In terms of some of the terminology being used herein, 'oil palms' refer to the plant, and 'palm oil' refers to the product from the plant.

indigenous people's land rights and livelihoods (Friends of the Earth 2005; Koh & Wilcove 2008; Wicke et al. 2011). One typical environmental incident that continually attracts negative media reports is the forest fires due to illegal slash-and-burn¹⁵ clearances for palm oil cultivation in Indonesia and Malaysia. More specifically, these occur in Sumatra and Borneo.

Forest fires in these parts of Indonesia and Malaysia have become a predictable annual ritual during the dry season and are responsible for the haze wave that has affected Southeast Asia for almost twenty years (Greenpeace International 2014). According to Greenpeace UK (2013), those fires are a direct result of decades of forest and peatlands¹⁶ destruction, and the palm oil industry is the main culprit. While most of these fires originate on the islands of Sumatra and Borneo, changes in wind direction cause dramatic air pollution to nearby countries, particularly Singapore and Malaysia.

Indonesia made international headlines after the unusual outburst of forest fires in mid-June 2013 (Thomson Reuters Foundation 2014). The air pollution caused by the forest fires triggered one of the worst pollution levels in Southeast Asia after 1997 (which was also caused by slash-and-burn clearances for palm oil cultivation). In 2015, the fire situation worsened, ranking Indonesia in the top 10 global carbon polluters (Fogarty 2015).

Sustainability concerns have plagued the industry globally, given the impact of the industry on the natural environment. Regardless of this, the recent boom in palm oil exports also contributes to economic growth in the growing regions. Oil palm cultivation creates rural employment and reduces poverty by providing a livelihood to over 4.5 million people in the plantation nations, with more than 40 per cent of all oil palm being cultivated by smallholders (RSPO 2014b). Further, being the most productive oil crop, palm oil supports affordable food prices which subsequently contributes, arguably, to global economic development.

¹⁵ The illegal slashing and burning conducted by farmers and plantation companies is a cheap way to clear land for agricultural use.

¹⁶ Peat locks up huge amounts of carbon, so clearing peatlands by draining and burning them releases huge greenhouse gases (Greenpeace 2016).

As a rapidly growing agricultural commodity produced in the tropics, palm oil has a mix of positive and negative impacts across environmental and socio-economic contexts. These controversial outcomes suggest that attempts to condemn the entire industry are almost impractical. Nonetheless, this has led to a challenge within the industry to find a balance for: the need to protect the natural capital, the need to provide livelihoods for smallholders, as well as the necessity to produce enough edible oil to meet the demands of growing global population. A sustainable approach, arguably, is necessary before biodiesel from palm oil can become the main source of biofuel worldwide.

2.3.3 Stakeholders' initiatives within palm oil industry

The adverse impacts of palm oil use on the environment have been highly scrutinised by interest groups (IGs) (Fitzherbert et al. 2008; Tan et al. 2009; Wilcove & Koh 2010). The past decade has witnessed the rise of IGs in increasingly diversified forms of activism/initiative to limit or end the production and use of unsustainable palm oil. These IGs are dedicated either entirely to (such as Palm Oil Investigations), or devote a significant part of their work (for example WWF) to palm oil related sustainability issues. Some of these organisations are small in membership and very local in orientation (as will be discussed later with reference to the Australian context). Conversely other institutions such as WWF, Greenpeace, Rainforest Action Network and The Forest Trust, to name a few, are global in their aspirations.

Some IGs employ a violent confrontation strategy towards business organisations, while some have adopted a direct collaboration approach. As IGs are considered an important and influential stakeholder group in this industry, a brief discussion on their initiatives - both collaborative and confrontation strategies - is essential to understand the challenges faced by players within the industry. Particularly, challenges and pressures faced by palm oil users, which is the focus of this thesis.

2.3.3.1 IGs' collaborative initiatives

As discussed earlier, palm oil is by far the most productive vegetable oil presently produced on a large scale, and a shift to other vegetable oils will inevitably mean demand for more agricultural land and water to produce the same volume of oil. Hence, rather than boycotting palm oil products, it is more productive to work with

organisations to move them towards sustainable production and use of palm oil. As stated by WWF on their website (2016c):

Rather than working towards a boycott of palm oil, which merely will move the global demand for [edible oil] to other vegetable oil sources – and hence increase pressure on other forests, WWF promotes sustainable production and use of palm oil [...].

For this reason, IGs like WWF and The Forest Trust began to work together with the industry. The basic momentum of such an evolution between IGs and industry is the process of compromise and collaboration since a boycott of palm oil is unrealistic. Such collaboration with businesses attempts to develop market-based programs that are deemed able to achieve objectives so that both the natural capital and business have a “win-win” situation (Fiedler & Deegan 2007).

WWF, in 2001, commenced exploring the possibilities of private governance within the palm oil industry. This resulted in an informal cooperation, beginning in 2002, among Aarhus United UK Ltd (manufacturer of consumer goods products), Malaysian Palm Oil Association (palm oil growers), Migros (retailer of consumer goods products) and Unilever (manufacturer of consumer goods products) together with WWF (Schouten & Glasbergen 2011).

With the collaboration initiated by WWF, a private governance for palm oil industry was formally established in 2004, known as the Roundtable on Sustainable Palm Oil (RSPO). Its membership has grown rapidly over the last decade, with members ranging from palm oil growers and processors, manufacturers and retailers of palm oil products, environmental and social IGs, and banks and investors. RSPO's principle objective is to promote the growth and use of sustainable palm oil through credible global standards and engagement of stakeholders within the entire supply chain. Sustainable palm oil production, as defined by RSPO, is a legal, economically viable, environmentally appropriate and socially beneficial operation that is properly managed.

The establishment of RSPO in 2004 may have imposed a new challenge to organisations operating along the entire palm oil supply chain. The challenge was elevated when RSPO launched the first global certification system - The RSPO

Principles and Criteria for Sustainable Palm Oil Production - in 2007. This global certification system symbolised RSPO's vision in transforming this global industry by making sustainable palm oil the norm throughout the entire supply chain. By mid-2009, RSPO certified plantations that were able to supply 1.75 million tonnes of CSPO (WWF 2009). Regardless, global CSPO demand lagged behind supply.

Commitment by palm oil growers to 100 per cent sustainable production related directly to the market or the uptake for CSPO. Accordingly, in 2009, WWF turned the spotlight onto the global palm oil users – the manufacturers and retailers of consumer goods products. To exert pressure and subsequently to monitor major global palm oil users' commitments to use 100 per cent CSPO, WWF published its first bi-annual Palm Oil Buyers Scorecard in 2009. The performance of each organisation is evaluated against a set of objective criteria relating to their commitments to, and actions on, responsible use of palm oil. As stated in WWF Palm Oil Buyers' Scorecard, 2009 (p.3):

It's vital that companies [palm oil users] in all these places [countries] commit to using CSPO. We hope that being included in the Scorecard will influence this.

2.3.3.2 IGs' confrontation initiatives

In contrast, other IGs such as Greenpeace appear to adopt somewhat more of a confrontational approach in exerting pressure on palm oil users to commit to more sustainable policies. A prominent example was Greenpeace's guerrilla campaign against Nestlé's KitKat brand of chocolate. In 2009, Greenpeace launched an aggressive campaign against Nestlé, accusing the multinational company of driving rainforest deforestation through its palm oil suppliers. Greenpeace's objective was to damage the brand image of Nestlé and subsequently "force" the organisation to make its palm oil sourcing policies more sustainable (Wolf 2014). It was a three-month campaign which led to Nestlé being attacked on social media networking sites such as Facebook, YouTube and Vimeo.

According to a British newspaper, *The Independent* (2010), one million people watched Greenpeace's spoof advert for KitKat, despite it being taken off YouTube temporarily following a legal threat. Greenpeace's social media attack successfully heightened

global attention and built awareness of sustainable palm oil use, especially for the European markets. Global community expressed its anger by posting negative messages on Nestlé's Facebook page, substituting "Killer" for KitKat (The Independent 2010).

According to the Financial Times (2012), Nestlé had changed its approach within two months of this controversy arising, by turning the risk to its reputation into an opportunity. Nestlé's strategies included:

- suspended its existing sourcing from Sinar Mas, an Indonesian supplier that Greenpeace claimed had operated unsustainably;
- choosing The Forest Trust, an NGO to help the company audit its suppliers to ensure that its products have no deforestation footprint by 2020; and
- joined RSPO in May 2010.

Despite the world's largest food manufacturer being only a small player in the global palm oil market¹⁷, deforestation connected with the commodity signifies that the use of CSPO has become a key priority for Nestlé. This is consistent with Scott Poyntor, the Forest Trust's executive director, who affirmed that (Financial Times 2012):

For the first time, a global company is saying it doesn't want its products to have a deforestation footprint, and is taking action to live up its words.

As concluded by the Financial Times (2012):

Showing leadership on sustainability is becoming a business imperative. A sustainability risk is potentially big when the whole world can find out about it overnight. Nestlé discovered that engaging with its critics and addressing some of their concerns was more effective than trying to shut down discussion on social media.

In sum, initiatives created by IGs to provide sustainable sources of palm oil have arguably generated the biggest challenge to global palm oil users.

¹⁷ Nestlé's share of consumption is less than 1 per cent of global palm oil production (Nestlé 2013).

2.3.4 Palm oil use as an emerging issue of concern: the Australian context

Australia is one of the top ten countries in the world with RSPO membership (RSPO 2014b). In Australia, the impacts of palm oil use have, in the recent decade, gained prominence in the public sphere (Net Balance Foundation 2013). Apart from global IGs, many local IGs, both RSPO and non-RSPO affiliated, have also become involved in the fight to reduce future environmental damage being caused by the palm oil industry.

These IGs have developed some highly effective and informative initiatives that aim to increase public awareness of the problems surrounding the palm oil industry, including (whilst not exhaustive): Zoos Victoria; the Palm Oil Investigations; the Orangutan Project; Tears in the Jungle; Palm oil Action; Palm Oil Free Products; and Sumatran Orangutan Conservation Programme. These IGs have particularly emphasised the damage being done to the critically endangered Sumatran orangutans, the symbol of everything that is wrong with the palm oil industry.

The major palm oil use associated regulatory issue in Australia is related to labelling. Currently, palm oil is often labelled as a form of “vegetable oil” which does not allow consumers to identify and then boycott it. Correspondingly, many of these IGs have run awareness-raising campaigns to drive the introduction of palm oil labelling in consumer food products to give Australian consumers a real choice and recognise what they are actually purchasing. As stated on Zoos Victoria’s website (Zoos Victoria 2016):

We believe that labelling of palm oil in Australia is the first step to educating and empowering consumers so that they can create a market for [RSPO] Certified Sustainable Palm Oil in Australia.

Similarly The Palm Oil Action Group (2016), on its website, demanded that:

*If palm oil is used in cosmetics it must be labelled. No exceptions. However, it is usually not labelled as Palm oil. It is labelled as *Elaeis guineensis*. This is the name given to palm oil by the International Nomenclature Cosmetic Ingredients (INCI). Misleading labels on cosmetics can lead to action by the Australian Competition and Consumer Association.*

According to The Palm Oil Action Group's website, it is currently the only group in Australia physically campaigning in a "direct action" way: on the street, making noise and taking action (The Palm Oil Action Group 2013). This group's current direct action campaign targets Aldi Supermarkets (NBN News 2014). The campaign coordinator, Anasuya Claff, said they were targeting Aldi because Aldi did not have a published policy about palm oil, whereas Coles and Woolworths did. The campaign was first launched in December 2013 where protest stalls were set up outside Aldi in The Northern Rivers, New South Wales. Consumers were invited to sign special protest postcards outlining The Palm Oil Action Group's requests. Anasuya Claff stated that (The Palm Oil Action Group 2013):

We want to push companies to transform to sustainability, and that means raising awareness and having their customers ask them to use segregated CSPO. If Aldi hears that their customers want action, they will take action.

The Palm Oil Action Group's campaign managed to generate many media responses, in local and national newspapers. Consumers' awareness about this issue was raised (www.palmoilaction.org.au). In reply, Aldi has claimed that it will raise the issue of segregated CSPO with its international business associates.

IGs' awareness-raising initiatives have heightened the wider community's concerns about unsustainable palm oil cultivation (Net Balance Foundation 2013; Zoos Victoria). The growing concerns and changing stakeholders' expectations on the use of sustainable palm oil reflect the growing pressures and challenges on palm oil users, including the Australian supermarkets, to be part of the solution in transforming the global palm oil industry into a sustainable one.

2.4 The motivations for choosing the Australian Supermarket and Grocery Stores Industry (ASGI)

The motivations for considering Australia

It is important to understand the rationale for choosing Australia in general and ASGI in particular (to be discussed shortly) as the focus for this research. Firstly, the overview above has clearly underpinned the proliferation of oil palm plantations as an emerging

subject of intense public scrutiny, both globally and in Australia, particularly in terms of perceived environmental costs of palm oil use.

Secondly, despite a “small market” for palm oil when compared to Europe and North America, the use of palm oil within the Australian supply chain is extensive - to the point where it is almost ubiquitous (Net Balance Foundation 2013). The versatility of palm oil for both food and non-food products means that it is difficult to find alternatives for palm oil. As stated in Woolworths’ Sustainability Report 2009 (p. 28):

Replacing palm oil (palm stearin) in bakery goods has proven difficult. The key to maintaining functionality in baking fats is to retain the ‘hardness’ of the fat. [...] At present the only practical alternatives that offer desirable baking characteristics (crisp and firm) are butter and hydrogenated fats, both of which contain trans fat, so neither can be recommended alternatives to palm stearin.

The unique properties of palm oil as an ingredient for consumer products mean that palm oil use will continue and likely to grow in the years ahead in Australia. Data, as cited from IndexMundi (2016a), on Australia’s annual imports of palm oil (in 1000 MT) over the last five years (2012 to 2016) as shown in Table 2.1 would support such a hypothesis.

Table 2.1: Australia’s annual palm oil imports between 2012 and 2016.

Year	Annual Imports, in 1000 Metric tonnes (MT)
2012	103
2013	110
2014	119
2014	123
2016	137

According to WWF (2010), the area of oil palm plantations needed to provide Australia with its current annual import of palm oil is equivalent to 32,500ha, which is 5.5 times the size of Manhattan. Hence, Australia provides an opportunity for examining the issue of organisational accountability in relation to palm oil use.

The motivations for considering ASGI

Firstly, palm oil is used in Australia mainly for grocery products and the food services sector, with estimates that suggest that 50 per cent of all packaged food products in Australian shopping trolleys contain palm oil (Net Balance Foundation 2013; WWF 2016b). This indicates ASGI as one of the major palm oil users in the Australian market. Therefore, ASGI is a significant industry in which to investigate the extent of, and managerial motivations for, accountability and accounting (disclosure) practices pertaining to palm oil use.

Secondly, the types of food we eat, and where it comes from, can make a big difference to the natural capital and the climate-changing gases produced - the single biggest environmental threat facing the planet globally (Friends of the Earth 2005). Business organisations' reliance on natural capital are very evident in agriculture, seafood and forest products supply chains, which are also referred to as soft commodity supply chains (WWF 2014a).

As consumer goods retailers, ASGI has a significant interconnected web of business relationships with several soft commodity supply chains, including the five commodities that have the greatest impacts on the natural capital – palm oil, beef, seafood, cotton, pulps and paper (The Consumer Goods Forum 2015; The Global Canopy Programme 2015; WWF 2012). Through responsible sourcing, ASGI is arguably able to play a vital role in building a society (where ASGI is a part of it) - via its relationship with the suppliers (consumer goods manufacturers) and consumers - that lives in harmony with the nature. As stated in The Guardian (2014):

With almost 50 million retail transactions in the UK each day, few businesses have as many opportunities to interact face-to-face with the public as large shops. Each week, a large supermarket will typically have 50,000 customers.

Taylor's statement on the size and transactions of a typical supermarket substantiate the potential of this industry in playing a vital role in global economy development and the conservation of natural capital. Yet, despite the impact of the supermarket industry on the natural capital and the huge interconnected web in which the industry works with various consumer goods manufacturers/suppliers and the consumers/public at large, this industry has been largely neglected in the wider SEA research. This

research addresses this gap by looking specifically at the issue of Australian supermarkets' accountability for palm oil used within the private-label products they sell.

2.5 Conclusion

In the first section of this chapter, the researcher set out to describe and summarise SEA research in general. Key terms arising from the discussion were defined to help readers to understand the major concepts underlying this thesis. The development of SEA and the major areas within SEA research were briefly introduced, followed by an overview on research within the palm oil industry. The second section of the chapter presented an overview on palm oil use: its impacts and challenges. The literature review drew attention to a relevant research project which calls for further investigation - the issue of supermarkets' accountability for palm oil being used within the private-label products they sell.

The discussion of the issues within this chapter serves as the preface for the primary research issue (which will be presented in Chapter 4) that investigates and assesses the accountability being demonstrated by ASGI in relation to palm oil use. In addressing the issue of "accountability" (specifically a list of expected disclosures/accounts together with expectations about where accounts should be displayed/discharged) for the palm oil used within products being sold, and because of the many different ways in which the idea of "accountability" can be interpreted, it is important to first understand the notion of "accountability".

Given the normative nature of accountability, the next chapter (Chapter 3) addresses the issue of accountability in-depth and at a general level, and not specifically as it relates to palm oil accountability.

CHAPTER THREE. PHASE ONE: PROPOSING A MODEL OF ACCOUNTABILITY

3.1 Introduction

As background to the genesis of this component of the overall research project the researcher, in undertaking an investigation of various issues associated with the 'accountability' of supermarkets (with respect to the use of palm oil within the private-label products they sell), became aware of a number of important and fundamental issues pertaining to the broader concept of 'accountability' that required some consideration. In developing an instrument to assess the 'accountability' of supermarkets in relation to the use, or non-use, of palm oil from sustainable sources - the focus of this thesis - much thought and reflection were given to whether we could ascribe a common meaning, or definition, to 'accountability'; and whether the accountability being demonstrated by an organisation could, or should, be understood by virtue of a reasonably generalisable 'accountability framework' (or 'model'). That is, a key issue that arose was that given that this thesis is exploring an aspect of corporate accountability, then what does 'accountability' actually mean, and can we actually ascribe a generally accepted definition to it.

This thesis will, in later chapters, develop certain criteria against which to assess the 'accounts' being produced by supermarkets (specifically, a list of expected disclosures/accounts together with expectations about where the accounts should be displayed). However, in doing so the researcher wanted to 'drill down' and understand the basis for the various 'accountability judgements' she was making in developing the assessment criteria; and whether there was some form of sequential approach to her decision-making pertaining to prescriptions for accountability. That is, are there a series of steps, or judgements, that require consideration before we logically generate normative prescriptions about what 'accounts' an organisation (or indeed, an individual as well) *should* generate? Further, could there be an agreement amongst researchers, practitioners, and managers on the nature of the 'accountability' that *should* be demonstrated with respect to various activities? Further still, and if not, could we identify the key perspectives about 'accountability' (or 'steps' within a model of accountability) which ultimately generate, or trigger, a diversity of opinions. The

researcher understood that any judgements she made about what accounts 'should' be produced by ASGI to demonstrate 'accountability' (which she in turn uses to assess the actual disclosures being made) could easily be questioned without some commentary on the various (necessarily subjective) elements, or steps, to the decisions she made.

A generalisable perspective of what 'accountability' is due from, or should be demonstrated by, an organisation will not be answered by studying *what is* because accountability is not a phenomenon that is context free. Rather, accountability is a social construct linked to individual/group perceptions about what *should be*: the generation of a set of social norms about what is considered as a desirable/acceptable state of affairs (Bovens 2010; Sinclair 1995).

The history of the concept of 'accountability', according to Gray and Jenkins (1993, p. 53) as cited from Bird (1973), 'is as old as civilization itself'. According to the Merriam-Webster (2017) online dictionary, the term accountability was known to be used at least as long ago as 1750, and was defined in terms of being 'an obligation or willingness to accept responsibility, or to account for one's actions'.

'Accountability' is a term that is becoming more commonly used and it is often applied in a way in which it appears that there is a presumption that we all have some form of shared meaning as to what it reflects. For example, it is not uncommon to hear somebody say: "they really should be more accountable for their actions". Regardless, and relying upon a model of accountability espoused by Deegan (2014; 2016; 2019), there is likely to be differences in opinion on central issues such as:

- (1) **why** some forms of accountability should be demonstrated in the first place - that is, why would, or *should*, an organisation produce various 'accounts'?
- (2) **to whom** should the accountability be demonstrated - that is, to whom *should* the particular 'accounts' be directed (for example, who are the identified stakeholders?)?
- (3) **for what** aspects of performance *should* accountability be demonstrated to particular stakeholders - that is, what aspects of performance should be reflected within the 'accounts'?, and

(4) **how** (or where) *should* the accountability be demonstrated - for example, what reporting frameworks should be used, and where should the 'accounts' be displayed?

How we individually answer each of the above questions (which this study will shortly suggest are the 'steps' to take in (subjectively) determining ultimately what accounts should be prepared and reported by the managers of an organisation), will then shape what 'accountability' we individually believe *should* be demonstrated, and how it *should* be demonstrated. Arguably, we need to be clear about this. Each of the above questions can represent a 'departure point' in opinion between various stakeholders, and this can ultimately lead to significant differences in expectations regarding the types of 'accounts' that particular entities *should* prepare, and therefore, in the types or forms of 'accounting' that they *should* undertake.

By focusing on the various judgements that are required to be made in assessing an organisation's accountability (ultimately in the specific case of this research, the accountability of supermarkets in relation to palm oil use), this part of the thesis encourages others - including teachers of accounting - to reflect upon their own perspectives about the required accountabilities of various organisations (and perhaps, individuals), and how, and why, the judgements they make pertaining to organisational accountability might differ to those made by others. This study argues that some judgements necessarily need to be made in a sequential manner (and perhaps in the steps shown above).

Hence, the focus of this phase of the broader research is to highlight a model of accountability that identifies the key factors/questions that an individual/stakeholder/manager might consider when making a judgement about the accountability that should be demonstrated by an organisation in respect of its various activities. This model will then be central to the subsequent work in this thesis towards developing (normatively) prescriptions about what disclosures Australian supermarkets *should* make with respect to the sourcing of palm oil used within their operations.

As part of this process of identifying key elements of an accountability relationship, this component of the study (this chapter) will initially start by analysing some widely used definitions of accountability available from:

- various academic disciplines (including accounting),
- from the accounting profession itself, and
- from dictionaries.

The study will show that the various definitions of accountability, regardless of their origin, do tend to share much in common in terms of there being an apparent hierarchy of considerations that need to be addressed as part of evaluating, or applying, the idea of 'accountability'. This is followed by a discussion about how accountability can be *operationalised* by proposing a generic accountability framework that identifies what judgements need to be made, and the order in which they shall be made, in considering the extent of accountability that *should* be demonstrated (and this framework will be applied in later chapters in this thesis).

Whilst a review of the various normative perspectives of accountability leads to a somewhat unified model of accountability (in terms of the nature of the judgements that need to be made in delivering or evaluating accountability), the application of this model (requiring answers to key considerations) explains why there inevitably will be differences in opinions about the nature of the accounts that *should* be prepared by organisations in respect of various aspects of an organisation's performance. The opinions will be influenced by the values and norms of those making the assessments, and these values will tend to be influenced by time, and by various social and environmental influences.

The motivation for undertaking this investigation of 'accountability' as part of this thesis is that even though 'accountability' is central to the practice of 'accounting' (see Deegan 2019; 2016; 2014), there appears to be little consideration to the factors which shape perceptions about what 'accounts' should be produced by the managers of an organisation. Somewhat strangely, 'accounting' programs taught within most universities and schools typically avoid any form of in-depth analysis of the meaning of 'accountability' and the nature of the various judgements that need to be made in

determining the 'accounts' that *should* be produced by an organisation (be the organisation large, small, for profit, not-for-profit, and so forth). This phase promotes a model of accountability that the researcher believes should be utilised within accounting programs to emphasise the subjective (and fascinating) nature of accounting practice and in doing so, relies upon the 'accountability model' proposed by Deegan (the supervisor of this thesis).

Again, as this thesis is all about exploring the accountability being demonstrated by Australian supermarkets with respect to the use of palm oil within their supply chain, the researcher believes she needs to be clear about how she perceives 'accountability'. She does acknowledge however, and like many other dissertations, that she could have explored the subsequent topics in this thesis without this relatively in-depth exploration of the meaning of 'accountability'. Whatever the case, this exploration is of great interest to this researcher and is deemed to represent a worthwhile, and related, exercise that is worthy of incorporation within this thesis (and which ultimately, can be built upon with the view to generating a stand-alone publication in its own right).

3.2 The definition/meaning of accountability

Accountability is a modern buzzword. In education, health care, civil and criminal justice, business, and especially in politics, debates rage about who should answer to whom, for what and under what grounds rules. [...] Indeed, accountability has been invoked as a solution for everything from the national debt to failing schools to climate change.

Lerner and Tetlock (1999, p. 255)

The context for the above reflections outlines the heightened concern for, impact of, and necessity for proper 'accountability' in numerous aspects of life, in particular on issues in relation to social judgments and choices, including with respect to the social and environmental agenda. Similarly, Rubenstein (2007) states 'accountability is often treated as a buzzword that is good in and of itself' (p. 620) and 'it is often normatively desirable' in promoting 'valuable substantive or procedural norms, such as justice, courteousness, or honesty' (p. 621). However, 'accountability' is *desirable* to the extent that 'appropriate' decisions are made, or generated, as part of the accountability process.

Despite being an apparently universal idea, the definitions of accountability are many in number and tend to differ in their wording. This study believes it would be useful to consider the various definitions of accountability from academic literatures across different disciplines, as well as from the accounting profession, and also from dictionaries, all in an effort to identify any commonality in the definitions provided by these different sources. That is, to see whether it appears that we are all talking about a relatively similar concept such that, if somebody from accounting is discussing ‘accountability’, then essentially they are discussing the same thing that somebody from another discipline is discussing if they are using the term ‘accountability’. Accordingly, the research questions being proposed for the purposes of this chapter are:

RQ1: Are there any commonalities in the definitions/descriptions of ‘accountability’ from cross-disciplinary academic literature, the accounting profession, and dictionaries?

RQ2: Across different researchers and disciplines, does there seem to be a broad agreement on the ‘decision points’ (or ‘steps’) inherent in the assessments of, or prescriptions for, organisational accountability?

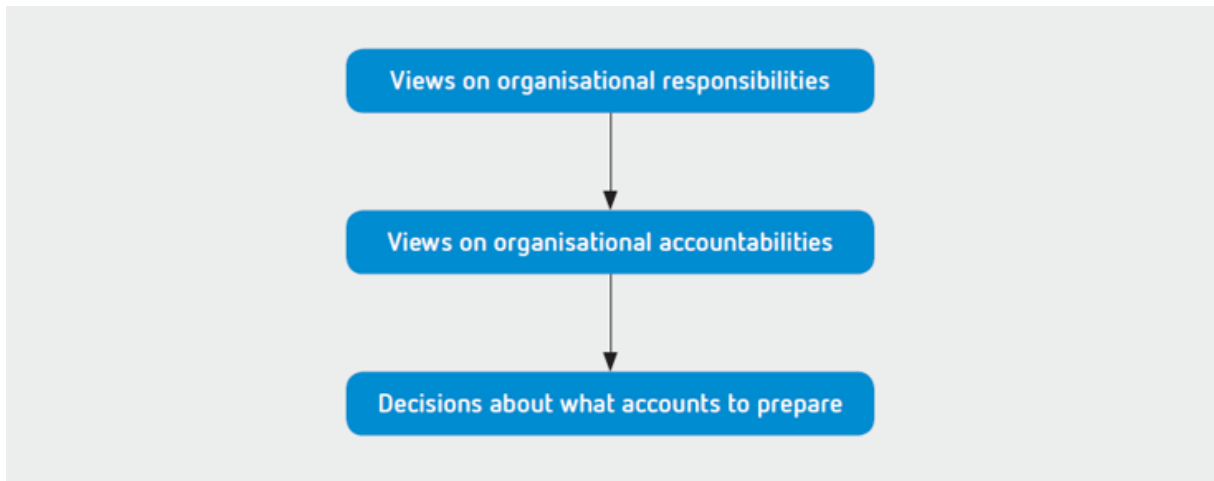
The idea of ‘accountability’ is obviously central to the research of, and teaching and practice of ‘accounting’, yet – as already mentioned – it does not seem to attract that much attention as to its actual meaning, or its direct relevance to an education in ‘accounting’ (for example, and as eluded to earlier, how many undergraduate degrees in accounting take more than a cursory look at the meaning of ‘accountability’ and its relationship to organisational responsibilities and to ‘accounting’?). By specifically focusing on ‘accountability’, this component of the study hopes to address some of this void.

3.3 The linkage between ‘accounting and ‘accountability’

Logically, ‘accounting’ should not be considered in isolation from the idea of ‘accountability’, and organisational ‘responsibility’. As Deegan (2014; 2016; 2019) explains, perceptions of organisational responsibilities, and values, in turn influences

judgements about organisational accountability, and therefore judgements about the 'accounts' to be prepared (and here we are using a broad notion of the 'accounts' being produced by an organisation). Deegan (2019, p. 9) provides a simple representation of this relationship, and it is reproduced below in Figure 3.1.

Figure 3.1: The relationship between organisational responsibility, accountability and accounts



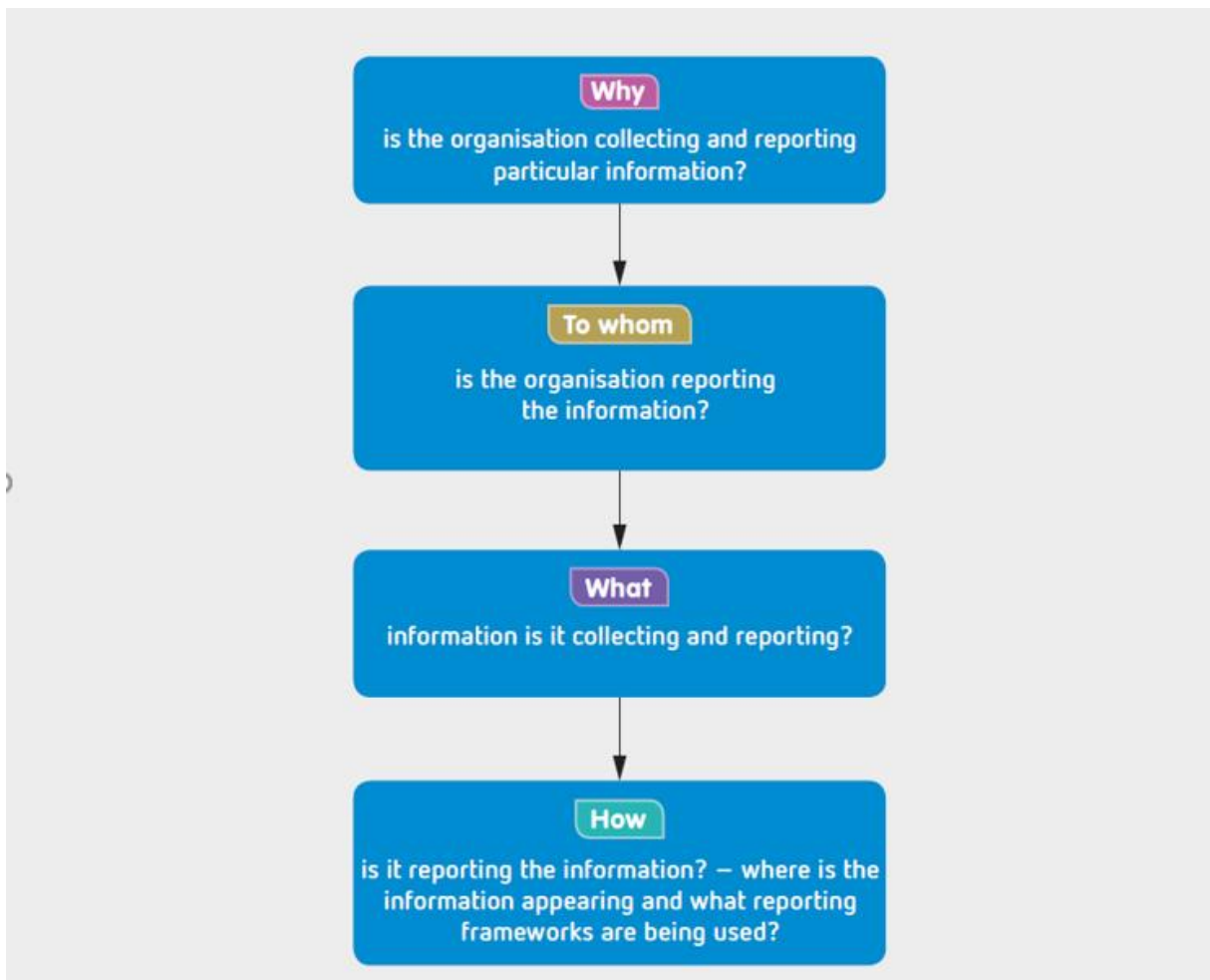
(Source: Deegan 2019)

This linkage between responsibilities/values to accountability and ultimately to 'accounting' can also be linked to the four issues identified earlier (Deegan 2014; 2016; 2019; Deegan and Unerman 2011), these being the issues of:

- **Why** provide an 'account'?
- **To whom** to provide an 'account'?
- **What** to include in an 'account'? and
- **How** to prepare/present an 'account'?

Deegan (2019, p. 20) also provides a simple representation of this relationship, and it is reproduced below as Figure 3.2.

Figure 3.2: A diagrammatic representation of a four-step accountability model



(Source: Deegan 2019)

For example, and applying the above four steps, if a judgement (grounded in certain ‘values’) is made from a neo-classical economic perspective (for example, a ‘Friedmanite-type’ perspective) that ‘accounts’ of particular aspects of performance *should* be prepared only to the extent that the activity of preparing the accounts increases corporate profitability (the ‘**why?**’ question), then the target audience of those reports might be those stakeholders who have the power to influence the economic value of the organisation (the ‘**to whom?**’ question) – for example, shareholders and providers of debt capital. In terms of what aspects of performance should be reflected in the ‘accounts’, in this scenario it would be likely that measures of economic/financial performance would be prioritised (the ‘**what to report?**’ question), and the information would be provided in financial reports by use of a financial reporting framework, such as those provided by the International Accounting

Standards Board (IASB), or by the Financial Accounting Standards Board (FASB) (the final **'how to report?'** question).

By contrast, if a contrary judgement is made that an organisation has a responsibility and associated accountability to a broader group of stakeholders in relation to economic, social, and environmental performance (the **'why?'** report issue), then the audience of the reports would tend to be those stakeholders that are most affected (economically and/or socially and/or environmentally) by the operations of the entity, or work/act in the interests of the affected stakeholders (for example, NGOs) (the **'to whom?'** question). Issues of stakeholder power would not be particularly pertinent in this 'view of the world'. Continuing this example, in terms of the aspects of performance that would be reported within the accounts (the **'what to report?'** question) the information would tend to be prioritised in terms of the perceived (subjectively determined) importance of the various social, environmental and economic impacts. The information would be provided by virtue of frameworks beyond financial reporting, and which would enable (the **'how to report?'** question) impacts to be reported in a way which promotes further dialogue and improvement in an organisation's social and environmental performance.

What is being demonstrated here, hopefully, is that although we are applying the same four-step accountability model in both scenarios, and therefore the same four broad 'steps' in our decision making, we can nevertheless arrive at very different normative prescriptions about how an organisation should 'account' for its operations as a result of the different 'world views' that we might possess. When we consider the different academics within different schools of accounting nationally and internationally – some schools being very 'market' focused, whilst others being more focussed on broader stakeholder rights and organisational responsibilities – then this, in part, might explain why different schools of accounting might teach and research different aspects of 'accounting', and relatedly, why they might attempt to instil different values about organisational responsibilities within the minds of their students.

In the review of the various definitions or descriptions of accountability that seem to be accepted, this study will be particularly interested in determining whether the different

definitions of accountability refer, in some way, to the four steps identified above. For example, do they indicate that accountability requires some consideration of *why* it is/should be demonstrated, or *to whom* the accountability should be due, *what* actions and related impacts/outcomes require associated accountability, or *how* accountability should be demonstrated?

3.4 Research Method

The approach undertaken for this component of the thesis involves a broad search for definitions or descriptions of 'accountability'. The intention is to review influential and high-quality¹⁸ literature of greatest pertinence to the research questions to provide, as far as possible, informed perspectives pertaining to 'accountability'. As will be discussed below, the researcher searches:

- journal articles from different academic disciplines (including accounting),
- guidance released by the accounting profession, and
- definitions of accountability provided by dictionaries.

3.4.1 Search process within academic literature across different disciplines

The researcher starts the search by reviewing the academic literature.

3.4.1.1 Initial screening: selection of studies

Arguably, reviewing past research provides a useful initial basis for understanding different perceptions about the meaning of 'accountability'. The purpose of searching publications across different disciplines is to see if the idea of 'accountability' seems to have a comparable meaning, regardless of the disciplinary background of the respective researchers. That is, if we are to discuss 'accountability' in a thesis such as

¹⁸ A judgement is made, for the academic literature, based on the influence of the literature that accounts for both the number of citations (based on Goggle Scholar as of 6 March February 2017); and the Australian Business Deans Council (ABDC) journal ranking list 2016. This study defines influential literature as literature with over 100 citations. This criterion was used at the initial screening stage in deciding which literature to be included in the review, and which ones were eliminated without further examination. Likewise, the study defines high-quality literature as literature that is published in journals that are ranked as A or A* by ABDC. This criterion was used at the secondary screening stage in deciding whether the definition provided by the literature would be included in the review.

this, would readers from different disciplines have a shared meaning as to what this means?

Google Scholar is a useful online database for the search of cross-disciplinary accountability literature in addressing the research questions. Typing the term “accountability” into Google Scholar led to some 2,040,000 results (as undertaken in March 2017). Nevertheless, this study limited the literature review to scholarly journal articles, with literature from book publications being excluded.

To keep the review manageable, 70 scholarly journal articles were selected for review (this was an arbitrarily selected number), as listed on Google Scholar, that meet the following selection criteria:

- (1) the title of the paper must contain the term “accountability”;
- (2) the paper must have more than 100 citations; and
- (3) the paper must be published in the English language.

Arguably, reviewing seventy refereed scholarly journal articles is broad enough to include a sufficient number of studies that can satisfactorily answer the research questions (of course, subsequent research beyond this thesis can extend this sample). Further, the size of the review is practically manageable.

Only articles with a title that contains the term “accountability” were included in the review so that focus was kept on literature with the likely greatest relevance to the research questions. Arguably, papers with more than 100 citations are relatively influential papers. Regardless, the researcher does acknowledge the limitation of this arbitrary selection criterion where it could be argued that more recent papers would use a contemporary definition of accountability but would not have had the length of time to build to a large number of citations.

3.4.1.2 Appraise quality of the papers selected after initial screening

The seventy articles that met the selection criteria were downloaded on 6 March 2017 from Google Scholar. The total citations for these articles were 47,713 as of 6 March, 2017. Details about these 70 articles are shown in Appendix 1. Of the 70 papers

selected, 6 papers have more than 1000 citations; 48 papers have citations between 501 and 1000; and 16 papers with citations between 100 and 500. The paper with the highest citations of 1,654 is from the social psychology literature - Lerner and Tetlock (1999); while the paper with the least citations has been cited 186 times.

To ensure that these journal articles were coming from different disciplines, internet searches were conducted to identify the area of expertise/discipline of the respective authors from the Google Scholar author's profile. For authors without a profile on Google Scholar, the study searched for details from the authors' profile published on their respective universities' websites. The finding reveals that the seventy papers are from eleven different disciplines/fields of study, namely from the:

- political science literature (14 papers);
- education literature (13 papers);
- social psychology literature (10 papers);
- accounting literature (9 papers);
- economics literature (8 papers);
- public administration literature (6 papers);
- management literature (4 papers);
- general medical literature (3 papers);
- business ethics literature (1 paper);
- computer science literature (1 paper); and
- the law literature (1 paper).

This study, therefore, arguably has a good cross-section of research disciplines represented within the sample.

Of the 10 papers from the social psychology literature, Philip Tetlock is the author of 5 papers and co-author for the remaining 5 papers. Tetlock is a Professor at the University of Pennsylvania. According to his profile on the University of Pennsylvania website, Tetlock has five thematic categories for publications where one of the thematic categories is "Accountability and Attributions of Responsibility" (University of Pennsylvania 2018).

Jennifer Lerner is the main-author for 2 papers with total citations of 2,158. According to her profile published by Harvard Kennedy School, her research interests include the effects of accountability on judgment and choice; and a broad range of psychology applications to policy problems. Arguably, the data collected leads the study to identifying Philip Tetlock and Jennifer Lerner as prominent researchers in what we might refer to as the 'accountability literature' (albeit, they are not 'accounting researchers').

Other notable researchers in the accountability literature identified are: Robert Linn from the education field of study (author and main-author on 3 papers); Rob Gray from the accounting discipline (author and main-author on 3 papers); and John Roberts from the accounting/management discipline (author and main-author on 3 papers). According to the website of University of Colorado, Robert Linn is a Distinguished Emeritus Professor of Education in the Research and Evaluation Methodology program at University of Colorado. His research explores the uses and interpretations of educational assessments, with an emphasis on 'educational accountability systems'. His scholarly journal paper "Assessments and Accountability" (which has been included in this study) was awarded Best Article in March 2000 Educational Researcher Journal, presented by The Communication of Research Special Interest Group of the American Educational Research Association (2001) (University of Colorado 2019).

Likewise, according to the website of University of St Andrews (2019), Rob Gray is an Emeritus Professor of Social and Environmental Accounting at the University of St Andrews. His research focus is social and environmental and sustainability accounting, reporting and accountability. "Struggling with the praxis of social accounting: Stakeholders, accountability, audits and procedures" – the paper where Rob Gray is the main-author (which has been included in this study), was awarded the Mary Parker Follett Manuscript Award in 1997 (University of St Andrews 2019). Rob Gray is generally considered to be a 'leading light' in the (social) accounting literature, particularly with respect to organisation accountability.

Professor John Roberts' qualitative research, according to the website of The University of Sydney (2017), spans three main areas: the uses of accounting

information in processes of organisational accountability, corporate governance, and the nature of ethics in business. His work on accountability, which applied Giddens' structuration theory, began immediately after his doctorate and explore the uses of accounting information in creating accountability within organisations (The University of Sydney 2017). Table 3.1 presents an overview of the five (cross-disciplinary) prominent researchers identified in the accountability literature.

Table 3.1: Summary on the area of expertise and total citations of papers selected for this study that are authored or co-authored by the prominent researchers in accountability literature.

Author	Area of expertise	Number of articles selected for this study (author and main-author)	Total citations
Phillip Tetlock	Social Psychology	10	7,682
Jennifer Lerner	Social Psychology	2	2,158
Robert Linn	Education	3	2,465
John Roberts	Accounting/Management	3	2,083
Rob Gray	Accounting	3	1,515
Total		21	15,903

Apart from the above areas of research, and now specifically focussing upon the economics literature, Persson, Roland and Tabellini (1997) paper has the highest citations (1,119). A search on the authors' universities web pages led the study to the Homepages and Wikipedia pages of the authors and details of other influential Professors of Economics whose papers have also formed part of the 70 papers selected for this study. A summary on the awards and recognitions of 6 of the scholars/economists is presented in Table 3.2.

Arguably, the selection of the 70 papers has included papers/works from some of the most influential economists (5 out of 8 papers selected for review in this study from the economics literature are authored or co-authored by these 6 economists) in the world. Arguably, based on the quality appraisal conducted, the papers selected in this review

are broad (cross-disciplinary), comprehensive and influential scholarly journal papers pertinent to the accountability literature.

Table 3.2: A summary on awards received by authors from the economics literature whose papers form part of the 70 papers included in this study. Sourced from Yrjö Jahnsson Foundation (2017) and Wikipedia (2017).

	Nobel Prize in Economics¹⁹ Recipient (year)	Yrjö Jahnsson Award²⁰ Recipient (Year)
Eric Maskin	2007	-
Jean Tirole	2014	1993
Torsten Persson	-	1997
Guido Tabellini	-	2001
Mathias Dewatripont	-	2003
Tim Besley	-	2005

3.4.1.3 Secondary screening and quality appraisal

The researcher reviewed all these 70 papers thoroughly to analyse whether the authors provide a discussion of the meaning of accountability. The analysis reveals that, despite the titles of the respective papers, 51 papers do not provide a definition or description of, or a discussion about the meaning of accountability. Hence, these papers were excluded from further review. This left the study with 19 papers that provide a discussion on the meaning/definition of accountability. These 19 papers were further reviewed to identify whether the authors provide their own definitions or descriptions of accountability, or whether they cite a definition from other researchers. The analysis (as shown in Appendix 2) reveals that in 12 papers (out of the 19 papers), the authors provide their own definitions; while in the remaining 7 papers, the authors cite definitions or descriptions provided by other researchers. The next step involved screening the papers that cite definitions from other researchers to eliminate any potential duplication of definitions extracted from the ‘accountability literature’.

¹⁹ Nobel Prize in Economics is an award for outstanding contributions to the field of economics, and generally regarded as the most prestigious award for that field (Wikipedia 2017).

²⁰ The Yrjö Jahnsson Award is a biennial award given by the Finnish Yrjö Jahnsson Foundation and the European Economic Association (EEA) to European economists under the age of 45 "who have made a contribution in theoretical and applied research that is significant to the study of economics in Europe" (Yrjö Jahnsson Foundation 2017).

Of the 19 papers that provide discussion on the definition or description of accountability, 4 papers are from the accounting literature: 2 papers with authors' own definitions (Gray et al. 1997; Roberts & Scapens 1985); and 2 papers that cite definition from other researchers (Cooper & Owen 2007; Parker, 2005). When reviewing Gray et al. (1997), the authors also suggested further readings on accountability from Gray et al., 1986, 1987, 1991 and 1996 (scholarly journal papers and book publications). We reviewed these sources and noticed that the descriptions of accountability provided, when applicable, are very similar to the definition captured from Gray et al. (1997). Therefore, no new definition or description was recognised. Regardless, this study acknowledges that Gray's definition of accountability would have been cited by more than 1,515 scholarly publications (as analysed in Table 3.1) since there is a high possibility that some scholars might have cited his definition provided in another literature published (as above). Likewise, Parker (2005) and Cooper and Owen (2007) cite the definition from Gray et al. (1997) and Gray, Owen and Adams (1996) respectively. In other words, they ground their definitions on the same source – Gray's definition. Hence, this leaves the study with 17 (19 minus 2 papers which cite the same definition/description as provided by Gray et. al., 1997) cross-disciplinary papers with definitions/descriptions of accountability. Arguably, the analysis provides further evidence to support the view that Rob Gray is a prominent researcher in the 'accountability literature'.

Two of the remaining papers that cite definitions/descriptions from other researchers are from the management literature: Roberts, J, McNulty and Stiles (2005) and Huse (2005). Authors from both papers²¹ cite the definition/description from Giddens (1984)²². As Huse (2005) cites Giddens' definition as quoted in Roberts, J, McNulty and Stiles (2005), the paper will be excluded for definition extraction. Hence, the study

²¹ Apart from Giddens' definition, Roberts, J, McNulty and Stiles (2005) also cite the ideas on accountability from other researchers, including Tricker (1984), Garratt (1996), Monks and Minow (1991), Cadbury (1992), Sternberg (2004), Keasey and Wright (1993), Short et al. (1998) and (Hampel, 1998).

²² It is noted that the author has published a later edition with the same book title, "The Constitution of Society", in 2013. The definition on accountability can be found on page 30. Literature reviewed (as above), which cited the definition of accountability from the author, are referring to the older edition published in 1984. To maintain consistency with the literature reviewed this study, hereafter, cites the definition provided by this author in the older (1984) edition.

has now 16 definitions/descriptions of accountability from 16 academic papers after the secondary screening. These 16 definitions/descriptions are sourced from 6 research disciplines:

- six from the public administration literature;
- four from political science;
- two from the accounting literature;
- two from the management literature;
- one from the education literature; and
- one from the social psychology literature.

Arguably, the quality of the final review, and the confidence with the final results, depends very much on the quality of the primary studies selected for review. For this reason, another round of quality appraisal was performed on the 16 papers selected for final review by assessing the citations (as retrieved from Google Scholar on 3 March 2017) and journal ranking in which these papers were published²³.

In terms of citations, there are 4 papers with more than 1,000 citations; 8 papers with citations between 501-1000; and 3 papers between 250-500 citations (as shown in Table 3.3).

Table 3.3: Analysis on citations of the 16 papers selected for final review.

Citations	Number of papers
More than 1000	4
501-1000	8
250 – 500	4
Total	16

Table 3.4 shows the quality appraisal on the journal rankings for the 16 papers. The analysis reveals that 6 papers are published in A* ranked journals, including *Public Administration Review*, *Accounting, Organizations and Society*, *American Political Science Review* and *Psychological Bulletin*. Seven papers are published in A-ranked

²³ For this purpose, this study refers to the Australian Business Deans Council (ABDC) journal ranking list 2016.

journals, including *Accounting, Auditing & Accountability Journal*, *Public Administration*, *World Development*, *Regulation & Governance* and *British Journal of Management*. Two papers are published in B-ranked journal (*European Law Journal* and *The Journal of Developing Areas*). Despite published in a B-ranked journals, these 2 papers have citations of 1,138 and 911 respectively. Arguably they are influential high-quality papers in the public administration and political science literatures respectively. It is for this reason that these papers will be included in the review synthesis. Likewise, the study could not find the journal ranking for 1 paper which is published in *Journal of Research and Development in Education* in 1971. Again, since this paper has been cited by 408 times in the scholarly literature, it is regarded as an influential high-quality paper in the education literature, and will be included in the final review.

Table 3.4: Analysis on journal ranking for the 16 papers selected for final review.

Journal ranking	Number of papers
A*	6
A	7
B	2
NA	1
Total	16

3.4.2 Search of professional accounting documents and dictionaries

The researcher now turns the search process to definitions/descriptions of accountability provided by the accounting profession. Zeff (2013) provides an overview of the objectives of financial reporting during the past 90 years, particularly on the origin, significance, and limitations of conceptual frameworks. What is apparent from his review (of the objective of financial reporting) is that there are arguments that an ‘accountability objective’ (also known as stewardship objective) should be specifically acknowledged within a Conceptual Framework for Financial Reporting.

According to Zeff, stewardship (or accountability) was particularly brought into focus within the accounting profession by the Australian, Allan Barton, in 1975. In his

monograph prepared for the Australian Accounting Research Foundation in 1982, Barton placed accountability as the first objective for financial reporting by stating that:

The major role of published financial reports is to provide equity and loan investors and their advisers, and the capital market generally, information about the company's operations and its resources and obligations for accountability purposes. A secondary role of published financial reports is to assist investors with forecasting and decision making (cited in Zeff 2013: p.304 as quoted by Barton, 1982, pp. 58–59).

A review of this reference shows that without necessarily being explicit, the description does appear to refer to the issue of: *why* to report; *to whom* to report; and, *what* to report. It does not clearly seem to raise an issue about '*how*' to report. Of course, other definitions or descriptions of accountability might not be so focussed on particular stakeholders (such as equity and loan investors), and might – by contrast – refer to obligations to stakeholders more generally.

Allan Barton's²⁴ work in the accountability literature is known widely and is well renowned. As such, further efforts were undertaken to review the works of Barton (as well as the definitions or descriptions provided within various Conceptual Framework Projects). The RMIT University's online library database was used to search for academic journal papers by Allan Barton. By using key term "Barton" and "accountability", a published scholarly paper which is relevant to the study was found. After reviewing the paper, a description of accountability was found and thus included in the review synthesis. In other words, the study has a total of 17 definitions/descriptions from scholarly journal papers.

²⁴ A further online search was carried out to find more details about Allan Barton's profile. According to the website of The University of Melbourne, The Australian Accounting Hall of Fame honours Allan D. Barton as an educator, administrator, author and scholar of the highest order. As a member of the Australian Accounting Research Foundation Research Committee and principal contractor, Allan Barton played a key role in the development of the Australian Conceptual Framework for financial reporting (The University of Melbourne 2017). Hence, we argue that a search for definition on accountability from Barton, if any, will add to the comprehensiveness and quality of the review/study. To be consistent with the search for definition from scholars/researchers (as in Section 3.4.1), this study included only academic journal articles (regardless of number of citations) from Barton for review.

Likewise, the researcher carried out an online search process of the Australian Accounting Standards Board (AASB) website. Using the key term “Objective of General Purpose Financial Reporting”, the search result led to Statement of Accounting Concepts SAC 2: Objective of General Purpose Financial Reporting (2001), one of the four statements of accounting concepts that form the Australian Conceptual Framework (Australian Accounting Standards Board 2001). A definition of accountability was found on page 4 of the document. This definition was extracted for review in this study.

Since SAC 2 is superseded by the IASB/FASB Conceptual Framework 2010, the researcher continued online search process with key term “IASB conceptual framework” and “accountability” on International Financial Reporting Standards (IFRS) Foundation, and the IASB websites. The study found that accountability was discussed and documented in their “Board discussion and papers”, dated July 2005 and the definitions on accountability was found on page 4 and 5. IASB/FASB did not provide their own definition of accountability in this document. Rather, they cited definitions from various sources, including the definition provided by the AASB’s SAC 2 and Governmental Accounting Standards Board (GASB)²⁵. These definitions, except the definition IASB/FASB cited from AASB SAC 2, were extracted for review in this study.

AccountAbility is a global consulting and standards firm that works with organisations, with a promoted aim of promoting responsible business practices (AccountAbility 2016). AccountAbility’s AA1000 Series of principles-based Standards and Frameworks are widely used by various organisations to demonstrate performance in accountability, responsibility and sustainability (AccountAbility 2016). A search of their website led to a definition on accountability as documented in their AA1000 AccountAbility Principles Standard 2008.

The search continued, through Google, for common dictionary definitions on accountability. Using the key terms “definition” and “accountability”, the Google search engine provided a list of definitions from various dictionaries. To keep this study to a

²⁵ GASB, established in 1984, is the independent, private-sector organization that establishes accounting and financial reporting standards for U.S. state and local governments that follow Generally Accepted Accounting Principles (GAAP) (Governmental Accounting Standards Board 2017).

manageable size while maintaining a comprehensive review, this study included definitions from three (this was an arbitrary selected number) dictionaries. To eliminate implicit biases of the researcher, the definitions/meanings of accountability provided by the first three dictionaries appeared on Google on 16 March 2017 were selected for review. In other words, this study extracted definitions provided by BusinessDictionary.com, Merriam-Webster and Cambridge Dictionary. BusinessDictionary.com is a leading online business-related resource including human resources, entrepreneurship, management, small business, economics, recruiting, and corporate strategy (BusinessDictionary.com. 2017). In print and now online, Merriam-Webster has been America's leading provider of language information since 1828 (Merriam-Webster 2017).

The broad search process culminated in a total of 23 definitions: 17 from academic journal papers, 3 from accounting professions and 3 dictionary definitions.

3.4.3 Review of definitions/descriptions of accountability

All the 23 definitions/descriptions (17 from cross-disciplinary scholarly journal papers, 3 from accounting professions and 3 from dictionaries) which were extracted from the original sources for review, are shown in Table 3.6. This focussed sample of definitions/descriptions of accountability is a value resource in its own right for those people interesting in understanding or researching various issues associated with 'accountability'.

Table 3.6 also shows the general information (authors, publication details, citations, disciplines and journal ranking) of these sources and is also used to report the results as to whether these papers seem to address, in some way, one of the four steps in our accountability model. When synthesising these definitions in terms of finding common elements the study used, as a frame of reference, the four factors identified by Deegan (2019), Deegan (2014), and Deegan and Unerman (2011) – and already discussed herein - as being central pillars in the discussion and evaluation of accountability. These being the issues of:

1. **Why** is the entity reporting/providing an account?
2. **To whom** is that account being primarily directed?
3. **What** elements of performance are being accounted for?
4. **How** is that account to be provided?

Consistent with discussion already provided within this study, different people will likely have different answers to each of the above questions. Further, these questions are to be assessed in a step down manner. That is, the answers to the previous questions informs/influences the responses to questions that follow. So, whilst we might find (see Table 3.6) that different definitions/descriptions of accountability might address some or all of the above four points (that is, there will be some agreement as to a definition/description of accountability), when it comes to the application of the various definitions/descriptions, we might get very different views. Accordingly, we get very different views of 'accounting', and therefore, different explanations regarding the 'accounts' that should be prepared and reported by a particular organisation.

It should be noted that the papers reviewed in this study did not go into depth into how the required accountability is determined. That is, no mention was made about any sequential steps or processes that needed to be taken. Therefore, this study will be reviewing the identified definitions/descriptions to determine whether the various definitions implied any particular processes that need to be undertaken. The expectation is that the various definitions might address broadly, and at a minimum, 'why' accountability is due (perhaps tied to particular responsibilities), and 'to whom' the accountability is due (perhaps to particular stakeholders).

In reviewing the various definitions/descriptions of accountability, this study will specifically investigate whether they do address the four stages that has previously been described by the study as being part of a generic accountability model.

To explain some of the above discussion – and drawing on the earlier example - let us again consider how two individuals might answer the above four general accountability-related questions, and how their answers would influence the 'accounting' they believe should be undertaken. In this regard, see Table 3.5 below.

Table 3.5: An illustration of the application of an accountability model to different ‘world views’.

Question	Individual 1	Individual 2
Why should an entity report/provide an account?	Somebody that believes in the efficiencies of the capital market and the view that maximising shareholder wealth is the central mission of management (eg, Milton Friedman)	Somebody who believes that an organisation has a responsibility to a diverse group of affected stakeholders and that this responsibility relates to economic, social, and environmental performance (eg, Rob Gray)
To whom is that account being primarily directed?	Those with power to influence the economic value of an organisation, and therefore the wealth of shareholders (and managers)	Those stakeholders who are impacted by the operations of an entity and therefore have a right-to-know about such impacts
What elements of performance should be accounted for?	Predominantly financial information that reflects organisational value	A mixture of information about social, environmental, and economic performance and impacts
How should the account be presented?	Typically, in a financial report using generally accepted financial reporting frameworks	By virtue of various forms of ‘accounts’ prepared using a variety of reporting frameworks

When the researcher reviewed the various definition/descriptions of accountability (as shown in Table 3.6), what appeared to be the case was that the various definitions/descriptions of accountability share a lot in common and effectively all of them address some, or all, of the four steps identified above. Regardless, as the study has stressed, the applications of the descriptions may nevertheless lead to quite different prescriptions for accounting depending upon the values/views of the people determining the reporting responses of the respective organisations.

Whilst it was a somewhat subjective or interpretive exercise to determine whether the different descriptions/definitions of accountability address the four elements/stages of the accountability model (see the results in Table 3.6), the result indicates that 9 out

of the 23 definitions address all the four elements of the accountability model; while another 7 definitions address 3 elements; 6 definitions address 2 elements and 1 definition addresses only on 1 element. In other words, none of the definitions found did not address any of these elements. To reduce the likelihood that the researcher's subjective judgement and interpretation may have led to potential bias, the coding process was closely supervised with limited numbers of the coding were cross-checked by a senior research supervisor who has long-term local and global experience in the field of SEA.

Hence, within the definitions/descriptions of accountability that emanate from a variety of disciplines, there seems to be some commonality in factors that require consideration as part of the accountability relationship. The decisions made in relation to these factors, however, will likely be different depending upon the stakeholders involved and hence there can be fundamental differences in the accounts that would ultimately be deemed appropriate by the respective stakeholders.

The following section will provide a brief discussion on each of these elements from the definitions reviewed.

3.5 Results and discussion

3.5.1 The why element (which relates to the question of 'why would an individual, group or organisation decide to exercise/establish accountability?')

All of the definitions (as shown in Table 3.6) appear to address the *why* element in the discussion of the meaning of accountability. Accountability arises as a result of a relationship (Black 2008; Bovens 2007; Gray et al 1997; Sinclair 1995, among others) between an individual, group or organisation in an accountee (principal) - accountor (agent/actor) setting, where the accountor is held accountable to the accountee. That is, there is an element of 'responsibility'. Depending upon the views of the writer, an accountor/accountee relationship can be a relationship between friends, colleagues, business partners, state-citizens relationship, and organisation-society relationship. Consistently, various definitions (although varying in wordings used) assert that the accountor's motivation to establish accountability is morally-driven (see, for example Agrawal and Ribot (1999); Barton (2006); Ebrahim (2003); Gray et al.1997; Sinclair (1995) or obligatory-driven (legally bound) (Ackerman 2004; Barton 2006; Bovens 2007; Mulgan 2000).

Table 3.6: Definitions of accountability, synthesising with common elements identified across different sources

No	Source					Common elements			
		Academic Article (Name of Journal/ Journal ranking)	Accounting Profession	Dictionary	Definitions/Descriptions of accountability	Why?	To Whom?	For What?	How?
1.	Stufflebeam (1971, p.13) 408	Education (Journal of Research and Development in Education/ NA)			Accountability means the ability to account for past actions in terms of the decisions which precipitated the actions, the wisdom of those decisions, the extent to which they were adequately and efficiently implemented, and the value of their effects.	X		X	
2.	Roberts and Scapen (1985, p. 447-448) 893	Accounting (Accounting, organizations and Society/ A*)			Accountability in its broadest sense simply refers to the giving and demanding of reasons for conduct and, in this broad sense, accountability can be seen as a chronic feature of daily conduct.	X	X		

3.	Romzek and Dubnick (1987, p. 228) 948	Public Administration (Public Administration Review/ A*)			In its simplest form, answerability implies that accountability involves limited, direct, and mostly formalistic responses to demands generated by specific institutions or groups in the public agency's task environment. More broadly conceived, public administration accountability involves the means by which public agencies and their workers manage the diverse expectations generated within and outside the organization.	X	X	X	X
4.	Gray and Jenkins (1993, p. 55) 252	Public Administration (Accounting, Auditing & Accountability Journal / A)			In essence, accountability is an obligation to present an account of and answer for the execution of responsibilities to those who entrusted those responsibilities.	X	X	X	
5.	Sinclair (1995, p. 220-221) 834	Public Administration (Accounting, organizations and Society/A*)			In its simplest sense, accountability entails a relationship in which people are required to explain and take responsibility for their actions: 'the giving and demanding of reasons for conduct' (Roberts and Scapens, 1985, p. 447).	X			

6.	Gray et. al. (1997, p. 334) 510 *Cited by Parker (2005) 528 *Also cited by Cooper & Owen (2007) 479	Accounting (Accounting, Auditing & Accountability Journal / A) Accounting (Accounting, Auditing & Accountability Journal / A) Accounting (Accounting, organizations and Society/A*)			Simply stated, accountability is the duty to provide an account of the actions for which one is held responsible. (For more detail see, e.g. Gray <i>et al.</i> , 1986, 1987, 1988, 1991, 1996b). The nature of the relationships – and the attendant rights to information – are contextually determined by the society in which the relationship occurs.	X	X	X	
7.	Agrawal and Ribot (1999, p. 478) 911	Political Science (The Journal of Developing Areas/B)			According to John Lonsdale: "Rulers claim to be responsible to their people; people try to hold them to account. Accountability is thus the measure of responsibility." (Lonsdale, 1986, p. 127).	X	X		
8.	Lerner and Tetlock (1999, p. 255) 1664	Social Psychology (Psychological Bulletin/A*)			[A]ccountability refer to the implicit and explicit expectations that one may be called on to justify one's belief, feelings, and actions to others.	X	X	X	

9.	Mulgan (2000, p. 555-556) 1137	Public Administration (Public Administration/ A)			One sense of 'accountability', on which all are agreed, is that associated with the process of being called 'to account' to some authority for one's actions (Jones 1992, p. 73). [...] Such accountability has a number of features: it is external, in that the account is given to some other person or body outside the person or body being held accountable; it involves social interaction and exchange, in that one side, that calling for the account, seeks answers and rectification while the other side, that being held accountable, responds and accepts sanctions; it implies right of authority, in that those calling for an account are asserting right of superior authority over those who are accountable, including the right to demand answers and to impose sanctions. (The inclusion of sanctions in the core of accountability is contestable on the grounds that it may appear to go beyond the notion of 'giving an account'. On the other hand, 'calling to account', as commonly understood, appears incomplete without a process of rectification.)	X	X	X	X
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10	Ebrahim (2003, p. 815) 706	Management (World Development/ A)			It may be defined not only as a means through which individuals and organizations are held responsible for their actions (e.g., through legal obligations and explicit reporting and disclosure requirements), but also as a means by which organizations and individuals take internal responsibility for shaping their organizational mission and values, for opening themselves to public or external scrutiny, and for assessing performance in relation to goals. Accountability operates along multiple dimensions—involving numerous actors (patrons, clients, selves), using various mechanisms and standards of performance (external and internal, explicit and implicit, legal and voluntary), and requiring varying levels of organizational response (functional and strategic).	X	X	X	X
11	Ackerman (2004, p. 448) 495	Political Science (World Development/ A)			This involves both answerability, or “the obligation of public officials to inform about and to explain what they are doing” (Schedler, 1999a, p. 14) and enforcement, or “the capacity of accounting agencies to impose sanctions on powerholders who have violated their public duties” (Schedler, 1999a, p. 14).	X	X	X	
12	Grant and Keohane (2005, p. 29) 1222	Political Science (American Political Science Review/A*)			Accountability, as we use the term, implies that some actors have the right to hold other actors to a set of standards, to judge whether they have fulfilled their responsibilities in light of these standards, and to impose sanctions if they determine that these responsibilities have not been met.	X	X	X	

13	Koppell (2005, p. 94) 477	Public Administration (Public Administration Review/ A*)			The Public Administration Dictionary defines accountability as “a condition in which individuals who exercise power are constrained by external means and by internal norms” (Chandler and Plano 1988). This definition provides a sense of the word and hints at its many meanings. “External means,” for example, could include the directives of citizens, legislatures, elected and appointed executives, and courts. Laws, regulations, and moral principles also “constrain individuals who exercise power.”	X	X	X	
14	Roberts, McNulty and Stiles (2005, S10) 594 *Huse (2005) has also cited Giddens’ definition as quoted in Roberts, McNulty and Stiles (2005) 531	Management (British Journal of Management/ A) Management (British Journal of Management/ A)			According to Giddens, ‘to be “accountable” for one’s activities is both to explicate the reasons for them and to supply the normative grounds whereby they may be ‘justified’ (1984, p. 30). [...] Accountability has, in some cases, been equated with monitoring and controls (Garratt, 1996; Tricker, 1984) and, as such, is held to be conceptually distinct from a ‘performance’ or ‘enterprise’ role (Keasey and Wright, 1993; Short et al., 1998). This approach encourages the view that accountability is concerned with ensuring compliance with specified processes and outcomes (sometimes pejoratively referred to as ‘box ticking’ (Hampel, 1998)). It also places an emphasis on the need for explicit contracting between principal and agent, detailing clear expectations and stressing a hierarchical relationship in which conformance or deviation from expectations brings clearly specified rewards or sanctions. Some commentators, indeed, have argued that only where accountability is contractually bound does accountability exist (Tricker, 1984).	X	X	X	X

15	Barton (2006, p. 257- 258) 72	Accounting (Accounting, Auditing & Accountability Journal/A)			The concept of accountability is a pervasive one [...] The notions underlying it are those of accounting for, reporting on, explaining and justifying activities, and accepting responsibility for the outcomes. Accountability involves an obligation to answer for one's decisions and actions when authority to act on behalf of one party (the principal) is transferred to another (the agent). [...] Accountability requires openness, transparency and the provision of information, and the acceptance of responsibility for one's actions.	X	X	X	X
16	Bovens (2007, p. 450) 1138	Public Administration (European Law Journal/ B)			Accountability is a relationship between an actor and a forum, in which the actor has an obligation to explain and to justify his or her conduct, the forum can pose questions and pass judgment, and the actor may face consequences.	X	X	X	X
17	Black (2008, p. 150) 518	Political Science (Regulation & Governance/A)			At its core, accountability is a particular type of relationship between different actors in which one gives account and another has the power or authority to impose consequences as a result.	X	X		X
18	Australian Accounting Standards Board's (AASB) SAC 2 (2001, p. 4)		Australian Accounting Research Foundation and the Accounting Standards Review Board		"[A]ccountability" means the responsibility to provide information to enable users to make informed judgements about the performance, financial position, financing and investing, and compliance of the reporting entity.	X	X	X	X

19	International Accounting Standards Board (IASB)/ Financial Accounting Standards Board (2005, p. 45)		International Financial Reporting Standards Foundation and the IASB		<p>Accountability is derived from the word accountable. Webster's II New College Dictionary defines accountable as: (a) "required: answerable" and (b) "capable of being explained." Black's Law Dictionary defines accountable as "responsible, answerable, explainable, justifiable, or liable."</p> <p>The accounting literature uses the term accountability many times with similar meanings. Paul Rosenfield noted that "accountability denotes the responsibility to others that one or more persons have for their behavior." The Trueblood Report notes that accountability "deals with management's responsibility for taking or not taking actions and for the outcome of those actions."</p> <p>GASB Concepts Statement No. 1, <i>Objectives of Financial Reporting</i>, [...]. Paragraph 56 of that Statement says: Accountability is the cornerstone of all financial reporting in government, and the term accountability is used throughout this Statement. The dictionary defines accountable as "being obliged to explain one's actions, to justify what one does."</p>	X	X	X	X
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					Accountability requires governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based on the belief that the citizenry has a "right to know," a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives. Financial reporting plays a major role in fulfilling government's duty to be publicly accountable in a democratic society.				
20	Account-Ability's AA1000 (2008, p. 6)		AccountAbility		Accountability is acknowledging, assuming responsibility for and being transparent about the impacts of your policies, decisions, actions, products and associated performance.	X		X	
21	Cambridge Dictionary			Online dictionary	[A] situation in which someone is responsible for things that happen and can give a satisfactory reason for them.	X		X	
22	MerriamWebster (2017)			Online dictionary	The quality or state of being accountable; especially: an obligation or willingness to accept responsibility or to account for one's actions.	X		X	
23	Business Dictionary (2017)			Online dictionary	The obligation of an individual or organization to account for its activities, accept responsibility for them, and to disclose the results in a transparent manner. It also includes the responsibility for money or other entrusted property.	X	X	X	X
	Frequency					23	18	19	10

As stated by (Ebrahim 2003, p. 815):

[...] individuals and organizations are held responsible for their actions (e.g., through legal obligations and explicit reporting and disclosure requirements), but also as a means by which organizations and individuals take internal responsibility for shaping their organizational mission and values, for opening themselves to public or external scrutiny, and for assessing performance in relation to goals.

‘Accountability is thus the measure of responsibility’ (Lonsdale 1986, p. 127, as quoted in Agrawal & Ribot 1999, p. 478). Therefore, this study conceives the notion of responsibility as a key component within an accountability relationship. Responsibility, at its simplest, is a sense of being accountable²⁶ for ‘interpretative schemes and norms’³⁹ (Giddens 1984, p. 30). So whilst there will be differences in opinions as to what are the responsibilities of an organisation (to whom, and for what) there is commonality of opinion that accountability (and therefore accounting) is linked to a demonstration of how particular responsibilities have been addressed. Some people might have a broad notion of responsibility (to various stakeholders for a variety of economic, social and environmental impacts) whereas other people might have a narrow view of responsibility (for example, that an organisation has a responsibility primarily to shareholders to maximise their wealth) – but nevertheless, a consideration of organisational responsibility in turn informs subsequent decisions about why, to whom, what, and how to account.

Therefore, in the discussion of accountability that is applied in this thesis (in the following chapters), we need to be clear about why we believe this accountability is due. That is, this thesis will argue that accountability is due because of the adverse effect that sourcing palm oil from unsustainable sources can have on certain stakeholders, such as the orangutans that are having their habitat quickly destroyed.

²⁶ To be accountable is linked to the ‘idea of morality, i.e. the individual feels obliged to consider reflectively what is a reasonable action in the situation at hand’ (Lindkvist & Llewellyn 2003, p. 253).

3.5.2 The who element (Who are the accountees to whom accountability should be directed?)

This element is discussed in 18 of the definitions included in the review synthesis. The 'to whom' issue is linked to the preceding 'why' element. Based on the literature reviewed, a responsibility-driven accountability (one perspective of why an organisation 'accounts') should be directed 'to those who entrusted those responsibilities' to the accountee (Gray & Jenkins 1993, p. 55) which 'include responsibility for money and other entrusted property' (BusinessDictionary.com. 2017). For example, '[r]ulers claim to be responsible to their people' (Lonsdale 1986, p. 127, as quoted in Agrawal & Ribot 1999, p. 478). Likewise, governmental accountability requires 'governments to answer to the citizenry - to justify the raising of public resources and the purposes for which they are used. Governmental accountability is based on the belief that the citizenry has a "right to know," a right to receive openly declared facts that may lead to public debate by the citizens and their elected representatives' (GASB Concepts Statement No. 1, Paragraph 56, as quoted in International Accounting Standards Board and Financial Accounting Standards Board (2005, p. 4). Gray et al. (1997) are consistent with International Accounting Standards Board and Financial Accounting Standards Board 2005's statement about accountees' "right to know". In particular, those who are impacted by the operations. They assert that in an accountability relationship between organisation and society, the accountees (the society) have the rights to information. In the case of legally bound accountability, the accountor is accountable to some authority (Mulgan 2000) – 'actors [accountees] having the right to hold other actors to a set of standards' (Grant & Keohane 2005, p. 29); or 'actors who have the power or authority to impose consequences as a result' (Black 2008, p. 150).

For the purposes of this thesis, subsequent chapters will explain that the normative view embraced within this thesis is that the supermarkets sourcing palm oil have an accountability to those stakeholders particularly impacted by, or concerned about, the impacts of unsustainable farming practices used with respect to oil palms. These stakeholders might be numerous, and would include NGOs working for the interests of stakeholders impacted by the operations (including the orangutans losing their habitats), investors who are concerned about the social and environmental impacts of

those organisations in which they invest, local communities, socially conscious employees, consumers, the news media, and so forth.

3.5.3 The what element (accountable for what?)

After understanding the *why* and *to whom* elements, the next element to be discussed in defining accountability is the 'what' element. The discussion, in the literature reviewed, on this element is largely related to what responsibilities the accountor should be held accountable for – the motif of accountability. The literature provided two key responsibilities. Firstly, the accountor is responsible for their conducts, actions and activities; the execution of the responsibilities; and the associated outcomes/impacts (AccountAbility 2008; Barton 2006; Bovens 2007; Ebrahim 2003; Gray & Jenkins 1993; Gray et al. 1997; Lerner & Tetlock 1999; Mulgan 2000; Roberts, McNulty & Stiles 2005; Roberts & Scapens 1985; Sinclair 1995; Stufflebeam 1971). As stated by Stufflebeam (1971, p. 13):

[A]ccountability means the ability to account for past actions in terms of the decisions which precipitated the actions, the wisdom of those decisions, the extent to which they were adequately and efficiently implemented, and the value of their effects.

Secondly, the accountor is responsibility to serve the accountees' rights to information (as discussed in the who element). Gray et al. (1997) further assert that the 'nature of the [responsibility-driven accountability] relationships – and the attendant [accountees'] rights to information – are contextually determined by the society in which the relationship occurs' (p. 334). Lerner and Tetlock (1999, p. 255) refer this to the accountees' 'implicit and explicit expectations'. For example, 'public administration accountability involves the means by which public agencies and their workers manage the diverse expectations generated within and outside the organization' (Romzek & Dubnick 1987, p. 228). Hence, this study conceives that accountability, which arises as a result of a relationship, sets up the normative responsibilities (accountor) and rights (accountee) of the actors involved. Accountability is thus, not only a formal order, but also a moral order, a system of reciprocal rights and responsibilities for the

common good, and these responsibilities and rights, which need to be justified through the provision of an account, warrant the exercise of accountability.

Almost all of the literature reviewed (19 out of 23) asserts the need for accountor to provide explanation, justification and/or information about their conducts, actions and activities. In this regard, Barton (2006, p. 450) stated that ‘the notions underlying it are those of accounting for, reporting on, explaining and justifying, [...] to answer for one’s decisions and actions when authority to act on behalf of one party (the principal) is transferred to another (the agent)’.

As subsequent chapters of this thesis will discuss, when it comes to the issue of what to disclose, the researcher will rely upon an analysis of the expectations and views of those with expertise about the impacts of farming for palm oil, and who make suggestions about the types of governance policies that should be in place within organisations that are concerned about sourcing palm oil from sustainable sources.

3.5.4 The how element (relate to how accountability should be manifested)

The *how* element, being discussed by only 10 of the 23 definitions, is the least highlighted element. That is, the findings suggest that while most of the descriptions/definitions provided in the literature discussed *why* accountability should be demonstrated, and *for what* aspects of performance should accountability be demonstrated to particular stakeholders (*to whom*), somewhat strangely, less than half of the definitions have considered *how* (or where) accountability should be demonstrated.

Barton (2006, p. 450) asserted that ‘[a]ccountability requires openness, transparency and the provision of information’. Similarly, AccountAbility (2008) states that the accountor should also be ‘transparent about the impacts of your policies, decisions, actions, products and associated performance’ (p. 6). Hence, the core in the *how* element is the provision of an account which is neither confined by formal reports nor financial accounts (Gray, Owen & Maunder 1988) – though depending upon the value judgements made, the accounts might be restricted to financial reports.

As subsequent chapters will discuss, because of the nature of the stakeholders involved (the *who* issue), and the issues associated with those stakeholders' expectations (the *what* issue), the expectation in this thesis is that palm oil-related disclosures will be made in a variety of media and are expected to be of a social and environmental nature.

3.6 Proposing a model of accountability

Adopting a normative theoretical perspective, an integral part of our study is to support a generally applicable accountability model that can be applied within any context. Such a model would identify the nature of the judgements that are made (value judgements) that inform the accountant about what they should report/disclose if they are deemed to assume an appropriate (subjectively imposed) level of accountability to the accountees. Based on the extensive literature review, and relying upon prior work by Deegan (2014, 2019), this study proposes an accountability model which is based upon four hierarchical considerations (stages). These stages can be summarised in terms of judgements, or decisions, about:

1. **Why** accountability should be demonstrated – that is, why would, or should, an organisation produce various accounts?
2. **To whom** should accountability be demonstrated – that is, to whom should the particular accounts be directed?
3. **For what** aspects of performance should accountability be demonstrated – that is, what aspects of performance should be reflected within the 'accounts'?
4. **How** (or where) should the accountability be demonstrated – for example, what reporting frameworks should be used and where should the accounts be displayed?

3.7. Further discussion and implications - issues of 'power'

In the literature, the concerns for an accountability relationship is often accompanied by the discussion of power (Barton 2006; Black 2008; Gray, et al. 1997; Mulgan 2000). In such a context, power refers to the authority/ability of the accountee to demand or call for their rights to information. Most of the definitions listed in Table 3.6 are

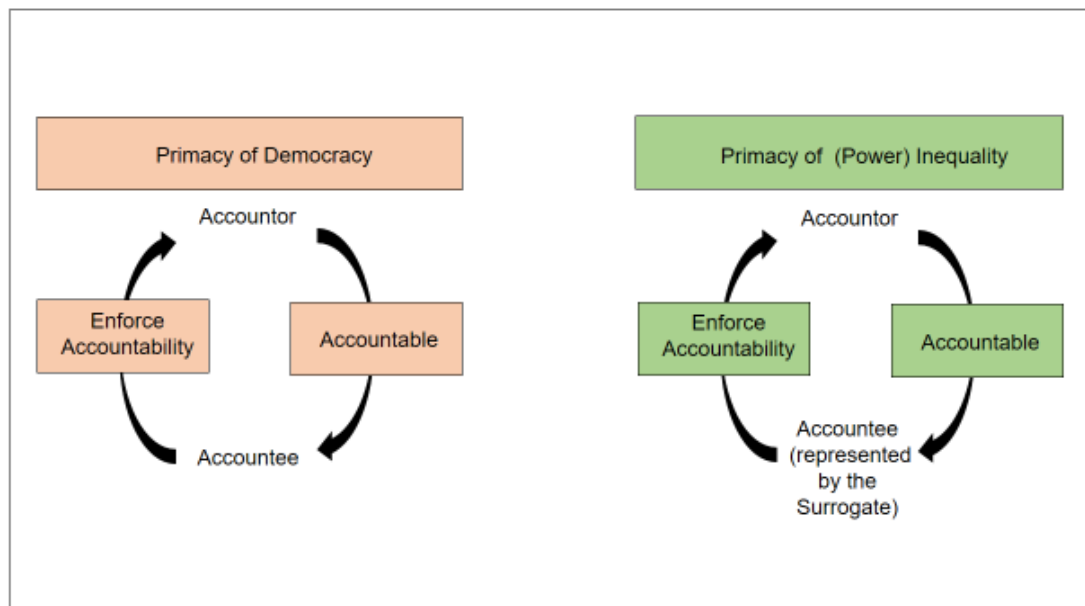
grounded in a belief which Gray, et al. (1997) refer to as the “primacy of democracy” (see, also Black 2008; Mulgan 2000; Sinclair 1995), a situation where the accountee is in a position to be able to enforce the accountability that is reasonably due to him or her.

Under the ‘primacy of democracy’, unless an accountee can effectively enforce an accountability-related disclosure, then from a practical or realistic perspective, no *real* accountability relationship exists, and no real accountability can be expected to be demonstrated. Rather, disclosures may take the appearance of being generated from a perspective of responsibility, whereas in actuality they might be disclosed for the economic benefit of the respective power wielders (argument from Tricker 1983, as quoted in Gray, et al. 1997).

A similar emphasis is articulated in Rubenstein (2007) who suggests that accountability is a ‘crucial tool for limiting constrained power, and therefore ‘vital for democratic politics’ (Rubenstein 2007, p. 631). However, she asserts that in many cases, the accountees are often too weak to enforce accountability due to them. This may be due to their social or political exclusion, illiteracy, lack of awareness, remoteness and poverty. Rubenstein (2007) suggests the need for a “second-best” form of accountability under conditions of power inequality, which offer as many of the benefits of standard accountability as possible – the idea of ‘surrogate accountability’.

The concept of surrogate accountability, as suggested by Rubenstein (2007, p. 617) ‘involves an actor - a surrogate - who substitutes for accountability holders [accountees] during one or more phases of the accountability process: setting standards, finding and interpreting information, and, most importantly, sanctioning the power wielder [accountor] if it fails to live up to the relevant standards’. In light of this, this study concludes that a real accountability relationship between the accountor and accountee can broadly be categorised under two primacies, namely the primacy of democracy and the primacy of (power) inequality (as shown in Figure 3.3).

Figure 3.3: The two primacies of accountability relationship.



Subsequent chapters will explain in more depth the idea of surrogate accountability, as well as identifying who would be considered as surrogate stakeholders in particular contexts. As the following chapters will discuss, many of the stakeholders affected by the unsustainable farming of palm oil (including the orangutans as stakeholders) do not have the power to bring the various parties to account. This ‘bringing to account’ becomes the duty/role of various NGOs who work on the behalf of the affected stakeholders.

3.8 Concluding comments

A number of results have been generated as a result of undertaking this component of the overall thesis.

Firstly, what is apparent is that if we look at the various definitions of accountability provided in Table 3.6, then there does appear to be a high degree of consistency between the descriptions/definitions provided from different researchers/writers/professionals from different areas of interest. That is, how we as accountants define accountability seems to have a lot in common to how other people envisage the concept. As this study has also demonstrated, however, the application of the definitions/descriptions can lead to quite different disclosure prescriptions, depending upon the views of those determining the respective disclosures. That is,

the definitions/descriptions of accountability are similar, but the application could lead to very different 'accounts' being generated.

In terms of the application of the components of accountability, this study has applied the model of accountability proposed by Deegan. It is found that the definitions/descriptions of accountability presented in Table 3.6 can be directly related to the four-stage accountability model. The researcher will apply this accountability model in the chapters that follow. At each stage, she will explain why she has made particular normative judgements (regarding why, to whom, what and how) and this will help place in context her ultimate views about whether the accountability being demonstrated by Australian supermarkets with respect to their palm oil use is appropriate, or not. As indicated in this chapter, depending upon how some people might address each of the steps in the 'accountability model', they might prescribe no disclosure pertaining to the use of palm oil, or they might prescribe high levels of disclosure/accountability. It really is a matter of personal opinion – it is a normative judgement.

Returning to the research questions, they were:

RQ1: *Are there any commonalities in the definitions/descriptions of 'accountability' from cross-disciplinary academic literature, the accounting profession, and dictionaries?*

RQ2: *Across different researchers and disciplines, does there seem to be a broad agreement on the 'decision points' (or 'steps') inherent in the assessments of, or prescriptions for, organisational accountability?*

In relation to RQ1, this study has provided evidence that there are commonalities between the definitions/descriptions of accountability provided by authors from different disciplines. In relation to RQ2, the steps identified in the accountability model suggested by Deegan do seem to be reflected in the descriptions/definitions of accountability provided in the literature. The four steps will be applied in the subsequent chapters of this thesis.

Having provided this extensive study of accountability, the next chapter will now - with reference to the 'accountability model' proposed - investigate and assess the accountability demonstrated by Australian supermarkets with respect to their palm oil use.

CHAPTER FOUR. PHASE TWO: AN EXPLORATION OF ASGI'S ACCOUNTABILITY PERTAINING TO PALM OIL USE

4.1 Introduction

As indicated in Chapter 2 the adverse environmental impacts, which result from the proliferation of (unsustainable) oil palm plantations, have gained prominence in the public sphere. Yet, despite the widespread global attention being placed on the actions, and responsibility (and accountability) of palm oil users, research is very much lacking on the issue of supermarkets' accountability pertaining to palm oil use.

In Australia almost all of the palm oil supply, which is used mainly for grocery products and within the food services sector, comes from Indonesia and Malaysia (Net Balance Foundation 2013). The developing countries are arguably at higher risk of environmental degradation given that environmental laws and regulations in these nations are relatively less demanding (Hilson 2012; Newson & Deegan 2002). Many Western organisations are consequently facing challenges and pressures with respect to their business practices, policies and strategies on sourcing palm oil from these places. Regardless, what has not been established to date is how palm oil users in the developed countries, such as Australia's supermarkets operating within the Australian Supermarket and Grocery Stores Industry (ASGI)²⁷, have attended to the emerging sustainability issues within this global industry.

With the above issues in mind, this study seeks to investigate and assess the current accountability being demonstrated by ASGI in relation to the use of palm oil within the private-label products²⁸ they sell. Specifically, it investigates whether the public disclosures being made by ASGI enables interested stakeholders to assess whether the palm oil being used in their private-label products is being sourced from sustainable plantations.

²⁷ The industry players in the supermarket and grocery stores industry, as defined by IBISWorld (2017), are primarily retail grocers that sell 'a range of groceries and food products, including fruit and vegetables, bread, cigarettes, canned goods, toiletries, dairy goods, delicatessen items and cleaning goods. Specialist retailers, niche retailers and convenience stores are excluded from the industry'. This is the definition used in this thesis.

²⁸ Again, according to IBISWorld (2017), private-label products are defined as products that are branded under the store they are sold in. That is, these products are produced for supermarkets under contract.

Although accountability is not just about disclosure, SEA, as stated by Gray, Adams and Owen (2014, p. 9) 'is one of the ways in which we might seek to address, redress and re-orientate the relationship with some of the less positive consequences of human existence'²⁹. In a similar fashion, Hess (2007) notes that there is growing interest in corporate social and environmental disclosures in achieving corporate accountability. Taken together, this study uses disclosure as a proxy for accountability and interrogates publicly available corporate reports/disclosures as modes to demonstrate accountability.

To achieve the research objective, there are two important stages to this study:

- firstly, to determine the responsibilities ASGI *should* accept in relation to palm oil use (generate prescriptions); and
- secondly, to examine the extent to which these responsibilities are being met by ASGI. This in effect means assessing actual accountability being demonstrated by ASGI against the prescriptions generated.

There is a great variety of possible views/values about the responsibilities for which an organisation should be held accountable. Hence, to determine ASGI's responsibilities, Phase 2 takes the opportunity to explore the ability of the accountability model proposed in Chapter 3 to capture ASGI's responsibility. That is, the accountability model is utilised, as a frame of reference, to generate prescriptions (value judgements on ASGI's responsibilities). Specifically, it prescribes lists of:

- expected 'accounts' (*what* information) the study believes ASGI *should* disclose in relation to their palm oil use-related corporate governance practices; and
- expected disclosure avenues ASGI *should* use to display the 'accounts' (*how* ASGI should demonstrate the information).

Accordingly, the first broad research question proposed for Phase 2 of this broader research (which is RQ3 of this thesis) is:

²⁹ Selected examples of the less positive consequences of human existence listed by Gray, Adams and Owen (2014) are climate change, species extinction, soil erosion, deforestation, toxic chemicals and air pollution.

RQ3: *What and how (or where) information about palm oil use-related corporate governance practices should be disclosed by ASGI in order to enable interested stakeholders to assess whether the palm oil being used is being sourced from sustainable plantations?*

The second stage of Phase 2 will then examine and assess ASGI's actual disclosures. The prescriptions generated (in Stage 1) are used to assess the accountability being demonstrated (or not) by ASGI (against the prescriptions).

Accordingly, the second broad research question proposed for Phase 2 of this broader research (which is RQ4 of this thesis) is:

RQ4. *To what extent do ASGI appear to demonstrate accountability pertaining to the palm oil being used within the private-label products they sell?*

Structure of this chapter

This chapter is comprised of seven sections. The following diagram (Diagram 4.1: Outline of Chapter 4) outlines each section of the chapter. The purpose and the outcome(s) of each section are also briefly presented in the diagram.

In addressing RQ3, **Section 4.2** first explains the theoretical perspective embraced in this study. Second, a generalisable 'accountability framework' is developed to provide explanations about the judgements or decisions made in this study concerning the four hierarchical elements (in terms of the issues of *why? to whom? for what? and how?*) proposed (by the accountability model) in Chapter 3. Third, the accountability framework is applied within the context of palm oil use to generate prescriptions (value judgments on ASGI's responsibilities) that the study believes ASGI *should* embrace.

Some integral judgements made within the accountability framework include:

- accountability-related responsibilities should be determined by stakeholders upon whom ASGI's business activities might significantly impact; and
- community-based interest groups (IGs) are the 'surrogates' for affected stakeholders.

Taken together, this study takes the view that the information demands and expectations of IGs will be reflective of broader information demands of various stakeholders.

Relatedly, the research method (for Stage 1 of Phase 2) is established to identify the surrogate stakeholders (IGs) and their demands/expectations. Specifically, **Section 4.3** explores existing guides created by IGs which provided lists of governance policies/practices they would expect to see in place in organisations that use palm oil. These lists are then synthesised to develop the prescriptions/assessment criteria (on *what and how?*) for this study, these being:

- a disclosure index with 13 disclosure issues (on *what* information ASGI *should* provide); and
- a prescribed list with 5 disclosure avenues (on *how* ASGI *should* demonstrate the information) for accountability assessment.

Given the exploratory nature of this phase, **Section 4.4** specifically seeks further input (via survey) from a group of ‘experts’ in an endeavour to produce prescriptions that ideally have even greater applicability for assessing ASGI’s accountability. In so doing, this study provides an answer to RQ3.

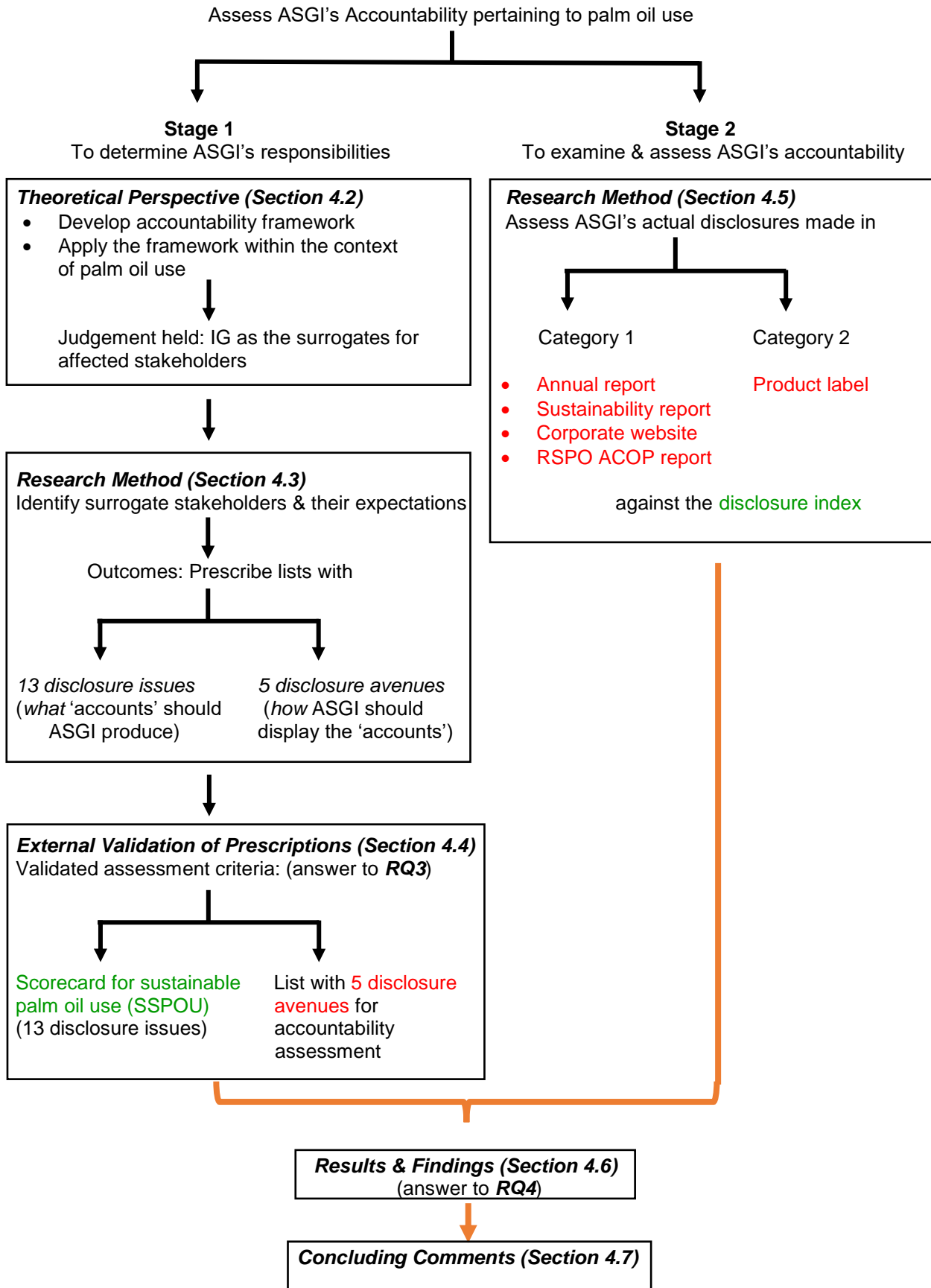
The study then documents the approach used to address RQ4 (Stage 2 of Phase 2). That is, **Section 4.5** explains the research method employed in examining and assessing ASGI’s accountability demonstrated via the 5 prescribed disclosure avenues (against the disclosure index). The 5 disclosure avenues are divided into:

- Category 1: annual report, sustainability report, corporate website and RSPO Annual Communications on Progress (ACOP) report³⁰; and
- Category 2: product label.

Section 4.6 provides the findings of the accountability analysis. This section will also outline the link between Phase 2 (this chapter) and Phase 3 of the research (Chapter 5 and 6). The concluding comments are presented in **Section 4.7**.

³⁰ Further details about RSPO ACOP report will be presented shortly.

Diagram 4.1: Outline of Chapter 4



4.2 Theoretical perspective

This section discusses how organisational accountability³¹ can be *operationalised* by proposing a generalisable ‘accountability framework’. Such a framework – when developed – would provide prescriptions (value judgements about organisations’ responsibilities) that organisations should follow if they are deemed to assume an appropriate (subjectively imposed) level of accountability in respect of adverse social and environmental impacts that have accrued as a result of their business activities. This is followed by a discussion on how the accountability framework proposed can be applied to this study in assessing ASGI’s accountability pertaining to palm oil use.

Preceding the discussions on the development of the accountability framework and how it is applied in this study, this section presents a brief outline of the normative theoretical perspective and the perceptions of accountability embraced in this study to help readers understand the perspectives embraced in this study.

4.2.1 The Normative perspective of research

If the examination of social (and environmental) accounting, the problems that it seeks to address and the potential that it offers is to be any way systematic, it needs to be framed. That is, we need to ‘theorise’ the world in some systematic way that allows us to begin to see some of the explanations of why [...] Without access to theory, we will find ourselves quite unable to offer any systematic analysis of what organisational practice actually is, can be, or should be. Theory gives us a basis from which to evaluate both current and other potential forms of activity such as social and environmental accounting.

(Gray, Adam and Owen 2014, p. 16)

In the detailed statement above that opens this sub-section, Gray, Adam and Owen (2014) emphasise the importance of theory in giving researchers a perspective in order to develop a broader role for accounting. Accounting research is generally divided into two broad categories, positive and normative perspectives/theories

³¹ For the purpose of this study, the term ‘organisational accountability’ refers to an accountability context within a business organisation-stakeholders relationship.

(Deegan 2014). A positive perspective seeks to explain and/or predict what organisational practice *actually is*, while a normative perspective offers an analysis or evaluation of what organisational practice *should be*.

This phase of the broader research embraces a normative theoretical perspective, a perspective which specifically expresses a value judgement about whether a situation is desirable or undesirable, and is embedded in terms of what *should be or ought to be* (Gaffikin 2005). Research from a normative perspective aims to inform others about particular practices that *should be* followed (the prescriptions) in order to attain preferred outcomes (Deegan 2009).

4.2.2 The perceptions of accountability – a review from the literature

The issue of ‘accountability’ has been central to much debate in the SEA literature particularly on the scope/extent that business organisations are, or should be, held responsible and accountable to the society (Adams & Larrinaga-González 2007; Bebbington, Unerman & O’Dwyer 2014; Roberts 1991). As discussed in Chapter 3, the definition of accountability proposed by Gray et al. (1997)³² has been widely adopted by SEA scholars. According to Gray, Adam and Owen (2014, p. 50):

Accountability is a widespread, even ubiquitous, phenomenon that arises, in some form or other, in nearly all relationships. It can be simply defined as: [t]he duty to provide an account or reckoning of those actions for which one is held responsible.

Likewise, Barton (2006, p. 257), asserts that:

The notions underlying it [accountability] are those of accounting for, reporting on, explaining and justifying activities, and accepting responsibility for the outcomes. Accountability involves an obligation to answer for one’s decisions and actions when authority to act on behalf of one party (the principal) is transferred to another (the agent).

³² For more details see, Gray et al., 1986, 1987, 1988, and 1991.

Similarly, Gray and Jenkins (1993, p. 55) state that:

In essence, accountability is an obligation to present an account of and answer for the execution of responsibilities to those who entrusted those responsibilities.

These definitions on accountability share two common perceptions. Firstly, they emphasise that accountability arises in relationships - between people, organisations, communities, etc. - in an accountant-accountee setting (also see for example, Black 2008; Bovens 2007). Secondly, the notions of “responsibility” and “providing an account” are the key subjects within such accountability relationships. These perceptions are embraced in this study.

With the theoretical perspective and the perceptions of accountability explained, the study will now explain the views/judgements held in this study; and how these views/judgements lead to prescriptions about the responsibilities for which ASGI should be held accountable for and embrace.

4.2.3 Developing an accountability framework

It is recognised by many practitioners and researchers of accounting that providing information to demonstrate accountability in relation to matters associated with social and/or environmental performance can be extremely problematic. Any assessment of accountability is necessarily normative. Consequently, there are no prescriptions that can be made that will be in accord with the expectations, or values, of all people.

It is against this that the accountability model developed in Chapter 3 is utilised to explain the basis of the disclosures the study believes organisations should be making. These judgements or decisions, as outlined in the accountability model developed in Chapter 3, include considerations of the issues:

- (1) **Why** accountability should be demonstrated – that is, why would, or should, an organisation produce various accounts?
- (2) **To whom** should accountability be demonstrated – that is, to whom should the particular accounts be directed?

- (3) **For what** aspects of performance should accountability be demonstrated – that is, what aspects of performance should be reflected within the ‘accounts’?
- (4) **How** (or where) should the accountability be demonstrated – for example, what reporting frameworks should be used and where should the accounts be displayed.

As explained in Chapter 3, the decisions/answers at each stage in the hierarchy will directly influence the decisions taken at the subsequent stages. To develop a framework for organisational accountability, these stages were modified into two processes shown below:

- Process 1 includes the ‘why?’ and ‘to whom?’ elements; and
- Process 2 includes the ‘what?’ and ‘how?’ elements.

The value judgements held by this study on the four elements (summarised in Table 4.1) are explained in detail below.

4.2.3.1 Process 1: the ‘why and to whom’ process

In approaching the *why and to whom* process, we first need to understand management’s philosophical motivations/objectives for corporate social and environmental (CSD) practices. Similarly, if we are to prescribe particular disclosures we need to understand the basis of the prescriptions and try to ensure that the prescriptions are consistent with what we believe is/are the reasons the information *should* be disclosed. Since it is the basis on which the “boundaries” for this study are set, process 1 is the foundation that shapes the development of the accountability framework. It, subsequently, helps define process 2 within the accountability framework, i.e. the *what?* and *how?* elements.

Different researchers will have varying views about *why* organisations do, or should, adopt particular disclosure practices. Within SEA literature, the various theoretical perspectives on *why* organisations might voluntarily report provide CSD can broadly be classified into two motivational factors (and would logically be a mixture of these motivation factors). These are explained in more detail below.

Economically-driven

From this perspective, the management will concentrate on economically powerful stakeholders only (such as shareholders, suppliers, investors, etc.), aiming to win support from them. In other words, particular social and environmental activities and associated disclosures would be undertaken only when confirmed wealth-creating outcomes appear. The 1962 statement by Milton Friedman, wherein he claimed that the only social responsibility of business organisations is to maximise profits for the benefit of shareholders, famously reflects such a perspective. Positive theories, such as the managerial branch of stakeholder theory, have been employed by SEA researchers to predict/explain managers' motive to provide an account of social and environmental activities in meeting the expectations of powerful stakeholders. One of the key limitations of positive theories is that they do not prescribe what social and environmental information an organisation *should* disclose.

Responsibility-driven

The motivation factor derived from this perspective shares similar insights with the notion of accountability introduced by Gray et al. (1997) (see subsection 4.2.2). That is, business or corporate managers report on SEA issues because they believe they have a *responsibility* and associated *accountability* to a larger group of stakeholders beyond their conventional roles of discharging accountability to shareholders.

Many academic researchers suggest that Gray et al.'s (1997) notion of accountability is consistent with the normative/ethical branch of stakeholder theory (see, for example Deegan 2014; Donaldson & Preston 1995; Hasnas 1998). The theory prescribes the relationships between an organisation and its stakeholders, and the agreed upon normative principles of fairness, wherein all stakeholders are considered. The issues of stakeholder power are not directly relevant and management's motivations that determine the levels and quality of corporate SEA reporting should be ethically driven rather than driven by stakeholder power or influence (Deegan 2014). This is because the normative/ethical branch of stakeholder theory deems all stakeholders as having rights to fair treatment, regardless of stakeholder interest in/relationship to the organisation (Deegan 2000). Social and environmental disclosures might be made because the managers believe that various stakeholders have a right to know about

the social and environmental implications of an organisation's procedures and operations. As stated by Hasnas (1998, p. 32):

In its normative form, stakeholder theory does imply that business has true social [and environmental] responsibilities.

This study - framed within a normative theoretical perspective - embraces the responsibility-driven factor. The view taken herein is that organisations (should) accept wider responsibilities beyond profit maximisation for their shareholders; these responsibilities include providing an 'account' of their social and environmental performance.

To whom should accountability be demonstrated?

Answering the *why* informs the question of **to whom** the information is to be directed. Accounting, more specifically, financial accounting, has generally been concerned with the provision of economic information for stakeholders having a current, or future, economic relationship with the business. However, the 'wider public', such as employees, consumers, governments, the community at large, the future generations and natural capital are also affected by business activities, particularly the sustainability impacts of business activities. As Gray, Adams and Owen (2014, p. 33) note:

It is essential that there must be flows of information in which those controlling the resources provide accounts to society of their use of those resources.

Accordingly, this study takes the subjective position that an organisation-stakeholders accountability nexus should be motivated by broader ethical considerations to provide an account about aspects of their performance that will have potentially significant implications for a broad group of stakeholders. Thus, organisational accountability should be structured in a way as to help the organisations be responsible (be brought 'to account') to all those stakeholders upon whom their business activities might significantly impact. This is the case even if particular stakeholder groups do not apparently read such accounts, or they never thought to ask about it, or perhaps there are impacts they did not know about.

Stakeholders may be 'any group or individual who can affect or is affected by the achievement of the firm's objectives' (Freeman 1984, p. 25) including employees, suppliers, customers, investors, community-based IGs, the wider community (including grocery goods consumers) and future generations. Included here are also non-human stakeholders such as the environment, i.e. natural capital and biodiversity (Gray et al. 1997; Rubenstein 2007).

4.2.3.2 Process 2: the 'what and how' process

Once the stakeholders who are (or perhaps, *should* be) the users/recipients of the disclosures are identified, the next process considers: firstly, **what** are the information demands/needs of the stakeholders; and secondly, **how** they think the information should be provided.

Process 2 is important in determining the basis of disclosures the study believes organisations should embrace in order to meet the accountability-related responsibilities due to these stakeholders. Hence, managers should understand what responsibilities stakeholders believe management should embrace, rather than managers making broad inferences about what they believe stakeholders expect. That is, a responsibility-driven accountability is expanded by society's expectations, which can extend beyond the requirements of law. As noted by Gray, Owen and Adams (1996, p. 334):

Accountability is concerned with the relationships between groups, individuals, organisations and the rights to information that such relationships entail [...] The nature of the relationships – and the attendant rights to information – are contextually determined by the society in which the relationship occurs.

Some affected stakeholders, however, might have little or virtually no *voice* in terms of raising their concerns. Many of them are neither aware that particular information exists, nor know how they might use the information. Further, future generations and flora and fauna are virtually without power and leverage to highlight their rights. Individual stakeholder groups, such as ethical consumers, are often too weak to hold powerful organisations accountable (Rubenstein 2007). The problem of how to give 'silent' stakeholders a voice is still unresolved (Gray et al. 1997).

With the inability of various stakeholders to 'voice' their rights and hold powerful organisations accountable, Rubenstein's (2007) concept of surrogate accountability forms an important component in the notion of accountability as employed in this study, particularly in solving the problem on how to give affected stakeholder groups whom are 'weak' and 'voiceless' or 'silent' a voice³³. Rubenstein suggests the need for a "second-best" form of accountability under conditions of power inequality, which offer as many of the benefits of standard accountability as possible – the surrogate accountability. The concept of surrogate accountability, as suggested by Rubenstein (2007, p. 617) 'involves an actor - a surrogate - who substitutes for accountability holders [accountees] during one or more phases of the accountability process: setting standards, finding and interpreting information, and, most importantly, sanctioning the power wielder³⁴ [accountor] if it fails to live up to the relevant standards'.

Adopting Rubenstein's concept of surrogate accountability, the following discussion will consider the surrogates for the (affected) stakeholder groups within an organisational accountability context.

Community-based IGs³⁵ (IG's) often assume the role of advancing such interests. There are many community-based interest groups (IGs) operating throughout the world and they are developing campaigns with the goal of advancing specific causes (Dahan et al. 2010), such as Greenpeace, WWF, Save the Children, and Friends of the Earth. According to Teegen, Doh and Vachani (2004), IGs emerged as important institutional actors in international business around the mid-1980s. They represent a diverse range of organisational interests, including environmental protection, economic and industrial development, human rights, and many others. There is a general consensus that IGs, motivated by ethical and moral concerns, work for the 'public good' rather than for private 'self-interest' (Deegan & Islam 2014; Knight & Greenberg 2002). This is a maintained assumption herein.

³³ For this study, the term 'less powerful stakeholders' is used to address affected stakeholder groups that are 'weak' and 'voiceless' or 'silent'.

³⁴ The term 'power wielder' is defined as an 'actor whose actions the accountability mechanism is meant to constrain' (Rubenstein 2007, p. 616).

³⁵ In this study, community-based IGs include conservation groups, non-governmental organisations (NGOs) and consumer groups.

Further, as experts in, or advocates, for conserving the natural world, IGs are able to provide good insights about the preservation of the natural environment. Effectively they act as 'surrogates' - the claimants of business organisations (den Hond & de Bakker 2007). For example, as stated on WWF's website (WWF 2016c):

WWF is dedicated to stopping the degradation of the planet's natural environment and to building a sustainable future for people and wildlife [...] The approach is to work with partners – in business, government, non-government organisations, communities and the own supporters – to achieve the objectives. The reputation for being accountable, inclusive and constructive means that we can bring a broad range of stakeholders to the discussion table, as well as contribute to the debate in a positive way.

With almost five million supporters and team members working in more than 100 countries, WWF arguably provides a powerful force for change. Similarly, the website of Greenpeace proclaims that (Greenpeace 2016):

Each one of us can make small changes in the lives, but together we can change the world. Greenpeace connects people from all over the globe. We bring together diverse perspectives and help communities and individuals to come together.

Zoos Victoria, Australia also urges the community to support it in "speaking" for the voiceless stakeholders – in this case the critically endangered wildlife such as orangutans. As stated by Zoos Victoria (2017): 'You, the zoo community, have been instrumental in speaking out on behalf of orangutans'.

Another perspective about how consumer associations also advance the rights of society can be seen on CHOICE's website (www.choice.com.au)³⁶:

Social responsibility has been at the core of the CHOICE mission since 1959. In fact, you could say that we were in the business of social responsibility well before it had a name or was fashionable! For more than 50 years we've been the leading voice for Australian consumers and we've always looked out for and addressed the issues that are of most concern to consumers.

³⁶ CHOICE is an Australian consumer advocacy group that has been in operation for some decades.

Similarly, from the SEA literature, Rinaldi, Unerman and Tilt (2014) state that:

NGOs are often proxies for other stakeholders who cannot directly take part in stakeholder dialogue processes, such as nature, future generations of humans, or groups of present generations with limited ability or capacity to engage in debate and dialogue.

From the above discussion, the assumption underlying this study is the rights of various stakeholder groups, many of whom have little or no power, including the rights to information on sustainability issues are often advanced by community-based IGs. These institutions consider themselves to be their surrogates. As stated in Greenpeace's website (2016): 'we believe in the public's right to know about what's happening to the planet. Our investigations expose environmental crimes and the people, organisations and governments that need to be held responsible'.

Based on this discussion, the subjective decision made herein is that the demands and expectations, including information demands, of IGs will be reflective of broader information demands of various stakeholders who are impacted or concerned by business activities. By asking the questions about *what* information the surrogates (in this case, the IGs) want/need/demand and *how* the information should be provided, the framework generates prescriptions. This is an important stage as only when we know for *what* issues the surrogates regard organisations as being responsible and accountable; and *how* this information should be provided can we then begin to produce prescriptions aimed at meeting the stakeholders' information needs.

Relatedly, normative prescriptions about *what and how* information should be disclosed by organisations to fulfil their accountability are developed by exploring information published (such as scorecards, guidelines, reports, campaigns and research/surveys conducted) by the IGs. That is, prescriptions are designed/established based on the perceptions of a range of professional community-based IGs who arguably have expertise in relation to *what* is required about an organisation's commitments and practices in respect to sustainable development and *how* these should be demonstrated.

This was done on the basis that if various ‘expert’ organisations had identified particular governance policies/procedures they expect to see in place then an organisation should provide information (disclosures) about whether such policies were (were not) in place. This would subsequently enable interested stakeholders to assess the degree to which an organisation is accepting responsibility (and accountability) in respect of palm oil use.

IGs, as part of their process in developing strategy and policy, often engage various experts. This is evidenced by the statement made by Union of Concerned Scientists (UCS)³⁷ on their website:

Through our Science Network, we collaborate with more than 20,000 scientists and technical experts across the country, including: physicists, ecologists, engineers, public health professionals, economists, and energy analysts. We are also a leader in science communication, helping experts explain their research more effectively and working to improve the public’s understanding of science.

Similarly, WWF uses the term “Experts” when introducing their team members on its website and further stated that (WWF 2016c) ‘the strengths of WWF’s amazing, dedicated and passionate people have created some of the planet’s greatest conservation victories. We will achieve the ambitious goals through the efforts of WWF’s incredible team of scientists, biologists and policy makers’.

Developed from a normative perspective, the accountability framework established is open to challenge. Some researchers might take the view that organisations are responsible and accountable only to stakeholders who are financially affected by their business activities. Nonetheless, this study chose to embrace a broader notion of accountability. The development of any of the prescriptions relating to accountability involved many subjective judgements as to how accountability *should* function, and/or how accountability *should be* demonstrated by business organisations. Hence, it is emphasised that this is just one of the many possible frameworks of accountability that

³⁷ Further credentials on UCS, which is a non-profit science advocacy organisation based in the United States, is presented in Appendix 3.

could be adopted to generate prescriptions in order to assess the level of accountability of an organisation/industry.

4.2.4 Application of the accountability framework within the empirical setting of palm oil use

This subsection begins with some general questions relating to accountability, namely:

- Why should palm oil users, such as ASGI, be held responsible and accountable? Are there significant (negative) environmental implications generated from the business activities for which the organisations should be held responsible and accountable?
- Who are the stakeholders impacted by the organisations' business activities?
- What information do affected stakeholders (represented by the community-based IGs) expect?
- *How* do they (affected stakeholders represented by the community-based IGs) think the information should be disclosed?

Explanations about the judgements made on these general questions are presented as follows (summarised in Table 4.1)

1. Why should palm oil users, such as ASGI, be held responsible and accountable? Are there significant (negative) environmental implications generated from the business activities for which the organisations should be held responsible and accountable?

As discussed in Chapter 2, the cultivation of oil palm results in certain serious global economic, social and environmental outcomes. The current debate about the sustainability of palm oil cultivation largely relates to the land use change that occurs when converting natural rainforests into oil palm plantations. Palm plantations on peat soils have replaced pristine rainforests and are one of the key causes of rainforest destruction. Hence, given the normative position embraced within this study, organisations involved within the palm oil supply chain, including ASGI that use palm oil within the private-label products they sell, *should* be held responsible and accountable for the destructive outcomes created by their business activities (particularly given that there is more sustainable option available - the RSPO CSPO).

They are also being accountable for actions undertaken (or not) towards minimising the negative impacts associated with palm oil use.

2. Who are the stakeholders impacted by the organisations' business activities?

The most affected stakeholders, among others include the community, human future generations and the environment (the natural capital such as fauna and flora which rely on tropical rainforests and peatlands for food and shelter)³⁸.

3. What information do affected stakeholders (represented by the community-based IGs) expect? How do they (affected stakeholders represented by the community-based IGs) think the information should be disclosed?

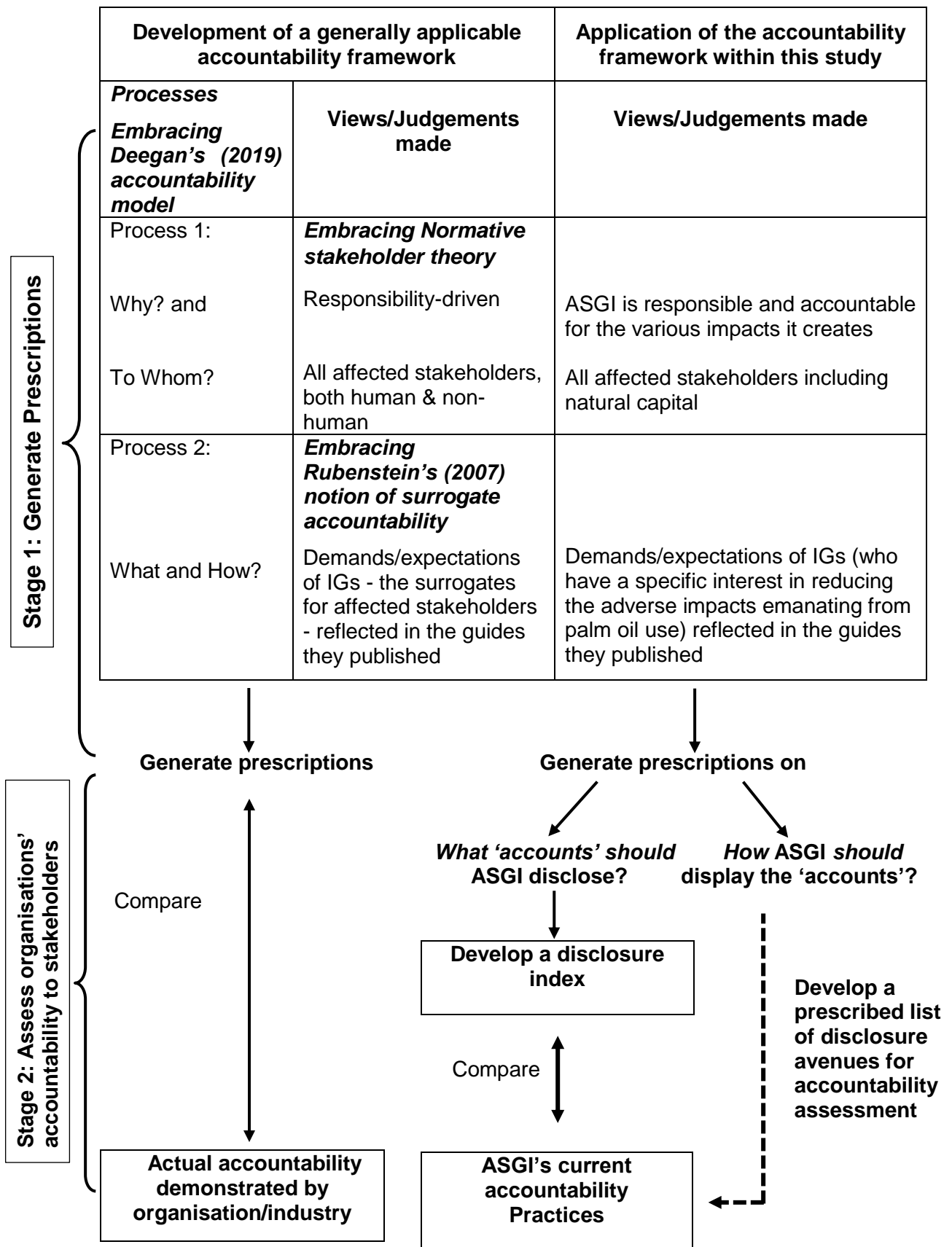
As discussed earlier, community-based IGs are proxies/surrogates for affected stakeholders as many of these affected groups have no voice in terms of raising their concerns and demands. For example, the orangutans and other species that rely on the rainforests as their habitat are effectively without power and cannot proclaim their rights. Similarly, consumers as individuals only have limited power to exert pressure on 'powerful' organisations for commitment to use sustainably-sourced palm oil. Future generations also have obvious problems.

Hence, to provide an answer to this question, this study looks to alternative sources of interest/pressure and in particular to groups who, as part of their mission, explicitly support such (low power) stakeholders. In other words, the surrogates for these affected and less powerful stakeholders, and the guides (with lists of governance policies they would expect palm oil users to address) they created/published.

Table 4.1 below provides a summary view on how the subjective judgements made in this study lead to prescribed lists of assessment criteria on *what and how* organisational accountability should be demonstrated. Table 4.1 also shows the link between Stage 1 and Stage 2 of Phase 2.

³⁸ An overview on stakeholders who are the groups affected by the rapid expansion of this industry has been presented in Chapter 2.

Table 4.1: A two-stage approach to assess organisational accountability



4.3 Research Methods and results | Stage 1

In Section 4.2, a generally applicable accountability framework is developed and - having applied the accountability framework within the empirical setting of palm oil use (which necessarily requires a number of subjective judgements to be made) - determined *why* and to *whom* organisations should provide an account of their actions. Section 4.2 also identified the need to explore guides published by IGs in order to prescribe *what and how* information should be disclosed by ASGI.

Accordingly, this section will first explore guides published by IGs who have a specific interest and expertise in reducing the adverse impacts emanating from (unsustainable) palm oil use.

Having used these guides to generate prescriptions, the study then seeks to validate and refine the prescriptions³⁹, which then form the basis of:

- a comprehensive ‘best practice’ disclosure index for this very specific area of disclosure; and
- a comprehensive list of disclosure avenues for accountability assessment

In doing so, the study will provide an answer to RQ3. The research method used to address RQ4 (Stage 2 of Phase 2) is considered separately in Section 4.5.

4.3.1 The identification of surrogate stakeholders

Various search processes were undertaken to identify IGs, particularly those that are actively involved in the palm oil industry, consumer goods products and forest-related fields, and which appeared to be broader stakeholder representatives. The study searched for documents released by IGs, published between 2004 (the year the RSPO is established) and 2015 (the year when this study began), that specifically provide guidelines/prescriptions pertaining to sustainable palm oil use practices and policies. The study reviewed:

³⁹ As mentioned earlier (introduction section), this study will also seek further input (via survey) from a group of ‘experts’ (to be presented in Section 4.4) in an endeavour to produce prescriptions that ideally have even greater applicability for assessing ASGI’s accountability.

- firstly, the websites and current palm oil-related reports published by IGs (for example, WWF, Greenpeace, The Consumer Goods Forum, Global Canopy Programme, The Union of Concerned Scientists, Zoos Victoria, among others); and
- secondly, databases associated with the print media (Factiva helped to identify media articles addressing palm oil and forest issues using a key word/term search).

The study identified eight IGs which have published a number of documents, including scorecards, reports and guidelines outlining the sustainable commitments and governance policies/procedures that *should* be embraced by palm oil users if they are serious about embracing a responsibility that is consistent with sustainability. Some of the documents identified particular disclosures that would be expected from organisations. While not necessarily focusing only on disclosures, these documents typically identified the types of governance policies/practices that would be expected to be found within organisations that are actively embracing palm oil use-related sustainability agenda. These documents are, therefore, suitable as a basis for developing the prescriptions.

The eight documents reviewed are presented in summary form in Table 4.2⁴⁰.

4.3.2 Data analysis and discussions

4.3.2.1 *The development of a disclosure index (prescriptions for the what element)*

Despite the differences in the backgrounds of the various IGs, there was a high degree of consistency in their perceptions about the relevancy of particular issues. That is, there are a lot of common governance policies recognised as ‘vital’ across the different IGs.

⁴⁰ The credentials of the eight IGs together with further details about the documents they released are presented in Appendix 3.

Table 4.2: Summary of the eight professional IGs' documents reviewed.

IGs		Name of documents/guides	Details	Required organisations to report publicly?
Inter-national IGs	The RSPO	RSPO Annual Communications of Progress (ACOP) 2014	An annual 'master report' submitted by its members in the form of answers to a whole list of questions asked by the RSPO in respect of their commitments to, and progress towards, the use of RSPO CSPO.	Yes
	World Wide Fund for Nature (WWF)	Palm Oil Buyers' Scorecard 2013	A scorecard that evaluates global organisations' performance bi-annually against a set of objective criteria relating to their commitment to, and "tangible" progress towards, the use of RSPO CSPO.	Yes
	Global Canopy Programme (GCP)	The Forest 500: Scoring Methodology 2015	A scorecard that evaluates the 500 most influential global organisations' performance against 15 policies that would be expected to exist in an organisation's well-designed sustainable sourcing system for forest risk commodities ⁴¹ , including palm oil.	Yes
	Union of Concerned Scientists (UCS)	Palm Oil Scorecard 2015: Fries, Face Wash, Forests	A scorecard that evaluates the United States' major consumer goods manufacturers and retail stores' performance against a checklist of 8 sustainable palm oil commitments and practices that ideally would be in place.	Yes
	The Consumer Goods Forum (CGF)	Sustainable Palm Oil Guidelines (The Guidelines)	Provide consumer goods manufacturer and retailer industries a roadmap to sustainable palm oil use.	Yes
	Greenpeace	Certifying destruction: why consumer organisations need to go beyond the RSPO to stop forest destruction	Provide governance policies, beyond the RSPO's standards, that would be expected to be found within organisations.	Yes
National IGs	Zoos Victoria	Don't Palm Us Off	An ongoing article published on Zoos Victoria's website about its Don't Palm Us Off campaign that aims at obtaining petition signatures from community, demanding the Food Standards Australia New Zealand to mandate palm oil labelling on all food products.	Yes
	CHOICE	Are we being palmed off?	Report the results of its survey, from the community's perspective, on the relative importance to legislate palm oil labelling on food products in Australia.	Yes

⁴¹ The Forest 500 identifies that over two thirds of tropical deforestation is driven by the production of a handful commodities. The production of palm oil, soya, beef, leather, and timber and paper has been a central factor in this widespread land use change. Hence, these internationally traded commodities are identified as forest risk commodities.

For example:

- RSPO, WWF and Zoos Victoria share very similar views on what constitutes the “use of sustainable palm oil”, that is, the use of RSPO CSPO⁴²; and
- being an RSPO member is seen by RSPO, WWF, Greenpeace, the UCS, the GCP and Zoos Victoria as a key indicator of commitment to use sustainably-sourced palm oil.

Yet, despite being the world’s most credible certification in the market, some IGs expected the organisations to also put in place other governance policies that are beyond the requirements of the RSPO to ensure responsible use of palm oil. For example, the issues of deforestation and peatland protection are some of the key criteria identified by Greenpeace, UCS and GCP in their guides⁴³.

Nonetheless, of all the eight documents reviewed, only GCP in its Forest 500 project considers social implications such as workers’ rights in relation to an organisation’s suppliers. Since all the other seven documents reviewed focused only on environmental implications, the disclosure index developed will thus exclude social implications related to palm oil use. That is, the researcher is looking at the single dimension for the purposes of this study.

Consequently, a disclosure classification - the Scorecard for Sustainable Palm Oil Use (SSPOU) - with 13 specific palm oil use-related corporate governance issues under four general themes was developed⁴⁴. The basis for including a particular issue in the SSPOU was that at least two of the eight documents reviewed (as identified above) must have included the issue within their particular release or report. These themes and specific issues are shown in the first and second column of Table 4.4.

⁴² Again, as outlined in Chapter 1, WWF is one of the founding members of RSPO.

⁴³ According to the guide it released, Greenpeace argues that the RSPO standard neither prevents deforestation nor peatland protection. Therefore, Greenpeace contends that RSPO standard is only a limited instrument in the search for responsibly produced palm oil.

⁴⁴ The study identified no further disclosure issues on sustainable palm oil use-related governance policies when reviewing various public reports of the sample organisations. In other words, all the issues included in the SSPOU are derived from the documents released by the surrogate stakeholders.

It is worth noting that of the 13 specific issues within the SSPOU, 8 issues are derived from the RSPO ACOP reporting document⁴⁵. These 8 issues are: Specific Issue 3 to 9 and 12 (presented in bold italics in Table 4.4). As the co-founder of RSPO, these issues also form the objective criteria of WWF Palm Oil Buyers' Scorecard 2013, and are cited in at least another IG's document (other than RSPO and WWF) reviewed above. While 8 of the 13 issues are governance policies required by RSPO, there also appear 5 other governance policies (required by at least 2 IGs other than RSPO) which are beyond the RSPO requirements.

Three of the eight IGs' documents reviewed are in the form of a scorecard, namely the documents from WWF, UCS and GCP. Australian organisations (including the three sample organisations of this study) were only being scored by WWF. Whilst these scorecards are used by the respective IGs to evaluate organisations' performance, this study focuses on accountability (disclosure as a proxy for accountability and interrogates corporate public disclosures as a mode to demonstrate accountability) demonstrated by organisations for the palm oil being used within the private-label products they sell. Specifically, it investigates whether the public disclosures made by Australian supermarkets enables interested stakeholders to assess the degree to which an organisation is accepting responsibility (and accountability) for palm oil use. This study aims to provide a preliminary insight into how Australian supermarkets voluntarily (and publicly) report on sustainable (or unsustainable) palm oil use. Further, the prescriptions generated (assessment criteria) considers works undertaken by various IGs who have a specific interest in reducing the environmental impacts from palm oil use, rather than relying upon the view of a single IG.

Again, the view being taken here is that if we want to assess the extent to which an organisation is serious about using palm oil from sustainable sources, then we would find it useful to know whether the organisation has put in place some (or all, or none) of the policies or procedures that these issue-focussed (expert) IGs have identified. That is, to enable interested stakeholders to determine the seriousness with which the issue is being addressed by the organisations then, arguably, stakeholders need to be

⁴⁵ These issues form part of the questions listed in the RSPO ACOP reporting document - questions listed under the headings of Membership, Operations and Certification Progress, Time-bound Plan, and Applications of Principles and Criteria for All Members Sectors.

informed by the organisations about whether the governance practices are in place. An organisation wanting to demonstrate accountability is expected to disclose the presence, or absence, of these seemingly important policies and procedures. A failure to make the disclosures means that stakeholders are unable to assess what is being done about sustainable palm oil use, and this would represent an absence of accountability in relation to this issue.

The study will now turn its attention to identifying *how* surrogate stakeholders expect their information needs *should be* addressed.

4.3.2.2 The identification of disclosure avenues for accountability assessment (prescriptions for the how element)

IGs' expectations on how accountability should be displayed is summarised in Table 4.3 below.

Table 4.3: Summary of IGs' expectations on how accountability should be demonstrated.

IGs		Disclosure avenues
Inter-national IGs	RSPO	RSPO ACOP
	WWF	<ul style="list-style-type: none"> • RSPO members: RSPO ACOP • New or non-RSPO members: sustainability reports and corporate websites
	UCS and GCP	RSPO ACOP, annual reports, sustainability reports and corporate websites
National IGs	Zoos Victoria and CHOICE	Product labels

All the eight IGs demanded organisations to report/disclose publicly. Apart from the CGF and Greenpeace, all the other IGs indicated clearly how their information needs should be addressed.

On this theme, RSPO members are held accountable to the organisation and are mandated to submit an annual compulsory report known as the Annual Communications on Progress (ACOP). According to the RSPO website, not submitting

the ACOP (upon a year of membership) is a violation of the Member Code of Conduct and is subjected to the following sanctions:

- suspension: non-submission of ACOP reports for two (2) consecutive years; and
- termination: non-submission of ACOP reports for three (3) consecutive years.

Similarly, WWF, UCS and GCP also emphasised the importance of organisations being transparent about their annual progress in using palm oil sustainably, by preparing an annual report through the RSPO ACOP. These IGs have included annual reporting of progress through ACOP as one of their scoring criteria when evaluating the performance of organisations.

Interestingly, for new (therefore not obliged to complete ACOP in the year they joined) and non-RSPO members, WWF indicated that it evaluates the organisations' performance based on information they disclosed through other publicly available media including corporate websites and corporate sustainability reports (WWF 2013). For existing RSPO member, WWF evaluates their performance based on the information they provided via RSPO ACOP only.

UCS and GCP, nonetheless, stated that information must be made available in an organisation's own publicly available reports instead of only through RSPO ACOP. As stated by GCP (The Global Canopy Programme 2015, p. 2):

[...] it is reasonable to expect that these actors should use these as tools to communicate their policies to consumers and clients. Such sources include sustainability reports, annual reports, and any other documents or information presented directly on organisational websites.

In its *Don't Palm Us Off* article, Zoos Victoria publicised that many products on Australia's supermarket shelves (including the private-label products of the sample organisations) that use palm oil are not clearly labelled. Often, in Australia, palm oil and its derivatives are hidden behind a generic "vegetable oil" or "vegetable fat" label (Zoos Victoria). Hence, Zoos Victoria indicated that they seek disclosures on product labels - specifically the ingredients' list for products that use palm oil. That is, organisations should, on their product labels, disclose:

- the term “palm oil” on the ingredients’ list of each product that contains palm oil (Specific Issue 10 in the SSPOU, as shown in Table 4.4); and
- the source of palm oil used in each product (Specific Issue 4 in the SSPOU)⁴⁶.

Tilt’s (1994) study regarding IGs’ potential influence on CSD provides evidence that IGs do demand disclosure on product labels. She further asserts that some IGs called for better labelling legislation and requirements for product ingredients to be disclosed.

Pursuant to the review of IGs’ documents and SEA literature, it is concluded that organisations *should* demonstrate, as demanded/expected by the surrogate stakeholders, their palm oil use associated accountability via RSPO ACOP report, sustainability report, corporate website, annual report and product label. Again, the basis of considering a disclosure avenue for accountability assessment was that the avenue must have been referred to by at least two of the eight documents reviewed.

4.4 External validation on the prescriptions generated

This stage of the study surveyed experts working in various IGs to validate the comprehensiveness and credibility of the prescriptions generated (in Section 4.3). Specifically, the study seeks experts’ suggestions on the respective importance of the 13 disclosures issues and the 5 disclosure avenues, for stakeholders who were interested in assessing the extent to which an organisation is sourcing sustainable palm oil as part of its business operations.

4.4.1 Identifying the expert participants

With the IGs identified in Section 4.3, the experts who lead or are involved in the palm oil work within the respective IG were identified⁴⁷. For IGs that only concentrate on palm oil, such as Palm Oil Investigations, the most senior management members were identified. The potential experts/participants were identified either through the websites of the respective IGs or the social network platform, namely LinkedIn.

⁴⁶ Zoos Victoria is expecting organisations to use only sustainable palm oil certified by the RSPO.

⁴⁷ It is emphasised that in the process of identifying expert participants, this section considers all the IGs (identified in Section 4.3), i.e. this section considers both IGs who have, or have not, published guides on sustainable palm oil use.

As a result, a list of 13 potential participants/IGs was compiled. The IGs identified were balanced with a mix of both locally and globally-based organisations, including an expert on biodiversity from Indonesia, currently the country with the world's highest palm oil production and industrial domestic consumption (IndexMundi 2017). Such a selection would presumably reflect holistic perceptions about the issues associated with palm oil use.

Prior to conducting surveys, ethics approval was received from the RMIT Human Research Ethics Committee. These participants were then pre-contacted with personalised emails before a formal invitation email was sent to them. As reported in Cook, Heath and Thompson (2000) study of the response rates in electronic surveys, pre-contacts and personalised contacts were the factors most associated with higher response rates in the internet-based survey studies they analysed. Of the 4 IGs where the experts leading the palm oil work could not be identified, invitation emails were sent to the respective organisations' websites.

4.4.2 Questionnaire design, administration and analysis

The survey comprised three sections (see Appendix 4). The first section requested demography data in order to obtain a profile of the respondent. The second and third sections sought participants' views on palm oil use-related corporate governance disclosure practices. The participants were asked to rate each of the 13 disclosures issues and the 5 disclosure avenues in terms of its importance in enabling a reader to assess the degree to which an organisation is accepting a responsibility (and accountability) in relation to palm oil use.

The survey used a five-point Likert-type scale with one representing unimportant and five representing extremely important. The categories used (1 = unimportant, 3 = important, and 5 = extremely important) are consistent with prior SEA research (Deegan & Rankin 1997; Haque, Deegan & Inglis 2016; Wilmshurst & Frost 2000, among others). Additionally, Section 2 (Question 14) and Section 3 (Question 6) also gives each participant the opportunity to include, in their own words, other important disclosure issues/avenues they believe organisations should address.

To ensure the instrument's content validity, the questionnaire was pre-tested by a number of university researchers and academics knowledgeable about questionnaire and survey development as well as sustainability issues. This pilot study served to determine whether the questionnaire was properly constructed and was likely to elicit the information sought and presented in a way that was likely to enhance responses. Following the pilot phase, the survey was revised, and minor changes were made.

The survey questionnaire and the Participant Information Sheet and Consent Form (see Appendix 5) were sent as attachments via an invitation email (outlining the survey purpose and instruction for completion) to the potential participants and organisations. In the invitation emails, the researcher also asked participants whether the study could include their names, positions and organisations in the analysis, or if they preferred to be anonymous. Four weeks after the initial mail-out, a reminder email was sent to all the participants who had not responded, followed by a final reminder email on 21 September 2017.

A descriptive analysis of quantitative data from the questionnaire responses was first conducted, followed by a qualitative analysis of data from the open-ended question of the questionnaires. It aimed to identify any additional palm oil use-related corporate governance disclosure issues and avenues recommended by the participants. Any additional important issue/avenue cited by two or more participants will be included to the preliminary prescriptions.

4.4.3 Survey data analysis and discussion

4.4.3.1 Respondents

Of the 13 experts/IGs invited to participate in the survey, a total of 12 responses were received within the first 4 weeks. Of these, one expert referred us to another expert whom was already in the researcher's list of potential participants. One IG declined to participate in the survey but did encourage the researcher to explore its website. A further three IGs expressed their interest to participate and stated, in their emails, that they would ask one of their team members to respond. When follow-up emails were sent to them four weeks later, only one of the IGs replied and stated that the palm oil

campaigner had just left their organisation and apologised that there was no team member with the right insights to assist.

A final reminder email was sent to those participants who had not responded four weeks after the follow-up emails. No further responses were received after the final reminder emails were despatched. This left the study with a sample of 7 (a response rate of 53.8%). All these 7 responses were received within the first four weeks and they agreed to have their details included in this study, except RSPO who required the identity of the participant within the organisation not to be mentioned. A full listing of all the respondents, including their names, positions (except the participant from RSPO) and organisations with which they are affiliated, is available in Appendix 6.

Arguably, the number of responses received was sufficient for the purpose of analysis as the responses were from experts at the executive level with knowledge, expertise and direct involvement in this area. Hence, they were able to provide invaluable contributions. As stated by one of the participants: 'I have been working on this issue for many years, so they were easy to answer'.

Additionally, a total response rate of 53.8 per cent compares favourably to prior studies that surveyed executives or top/senior management representatives. Cycyota and Harrison (2006) conducted a meta-analysis of the response rates from 231 studies that surveyed executives. They concluded that the response rates from top management representatives were low, with an average rate of 34 per cent only (see also, Baruch 1999).

4.4.3.2 Responses from the experts

Experts' opinions on the prescribed disclosure issues

As shown in Table 4.4 (the right-hand column), there was a slight variation in the overall aggregated responses from the experts on the 13 disclosure issues. Table 4.4 also shows the total weighted score of the 13 issues (the sum of experts' aggregate mean responses to the 13 issues).

Table 4.4: Scorecard for Sustainable Palm Oil Use (SSPOU) and experts' aggregate mean responses to the 13 specific issues (specific issues that are also part of ACOP reporting document are shown in bold italics).

General themes	Specific Issues	Raw score	Aggregate mean responses from experts (weighted score)
A) Commitments to protecting natural capital	1. A public commitment to use palm oil that does not contribute to deforestation.	1	4.1
	2. A public commitment to use palm oil that does not contribute to new conversion of peatlands.	1	4.1
B) Commitments to using RSPO CSPO	3. The organisation is a member of RSPO.	1	3.0
	4. The organisation is using RSPO CSPO.	1	3.9
	5. A public commitment on a time-bound plan to use 100% RSPO CSPO.	1	4.3
C) Reporting progress	6. The current annual total amount (in volume) of palm oil the organisation is using.	1	4.0
	7. The current annual percentage or total amount of RSPO CSPO the organisation is using.	1	3.6
	8. The RSPO certified supply chain option(s) the organisation is using.	1	3.7
	9. The proportion or amount purchased with each RSPO certified supply chain option.	1	3.6
D) Palm oil use-related policies	10. Labelling of palm oil on private-label food products that contain palm oil.	1	3.9
	11. Implementing traceability to mill or plantation.	1	4.3
	12. Reducing GHG emissions within its palm oil supply chain.	1	3.4
	13. Working with suppliers to ensure palm oil use-related commitments (Specific Issue 1, 2, 4 and 5) are achieved.	1	4.7
Total		13	50.6

Specific Issue 1, 2, 5, 10, 11 and 13 are perceived by the experts as relatively more important compared to the other specific issues (Specific Issue 3, 4, 6, 7, 8, 9 and 12), based on the following findings:

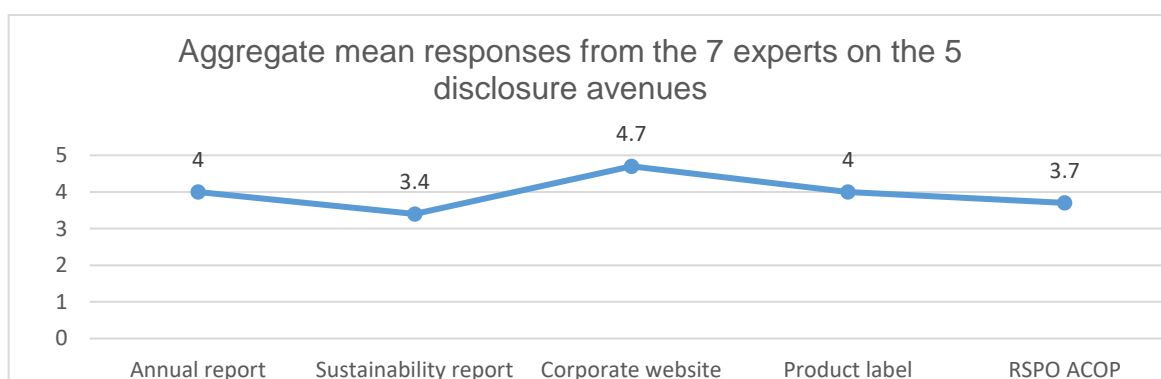
- Specific Issue 13: Working with suppliers to ensure palm use-oil related commitments are achieved appeared to be the disclosure issue with the highest aggregate mean score (4.7 out of 5). It also appeared to be the disclosure issue perceived by most experts (5 of the 7) as extremely important (5 points);

- Specific Issue 1, 2, 5 and 11, with aggregate mean responses above 4, were perceived by 4 (out of 7) experts as extremely important (5 points); and
- Despite an aggregate mean score of 3.9, Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil, was equally perceived by 4 experts as an extremely important disclosure issue.

Experts’ opinions on the prescribed disclosure avenues for accountability assessment

The aggregate mean responses from the experts on the 5 disclosure avenues are presented in Figure 4.1.

Figure 4.1: The aggregate mean responses from the 7 experts on the 5 disclosure avenues.



All the avenues are perceived as important by the experts with no overall aggregated mean being less than 3.4. Corporate websites, which 5 of the 7 experts identified it as an extremely important (5 points) avenue, appeared to be the disclosure avenue with the highest aggregate mean score (4.7 out of 5).

Experts’ additional comments

In an attempt to develop a ‘best practice’ scorecard and list of avenues for accountability assessment, the study also sought to identify any additional disclosure issues and avenues the experts perceived to be important for inclusion. Again, the basis for inclusion is at least two of the seven experts must have cited the issue/avenue within their response.

However, the result showed that none of the additional important disclosure issue/avenue suggested by the experts was cited by at least two or more of them. Hence, no additional disclosure issue/avenue was added to the initial prescriptions generated. Regardless, some of the suggested disclosure issues provided by these experts are insightful and might be useful for interested researchers in this area, as follows:

- a public commitment to use palm oil that does not contribute to human rights violations;
- annual financial contribution to habitat restoration and protection; and
- publish a grievance mechanism and list of known grievance and actions being taken to address them.

4.4.3.3 The assessment criteria established

The experts have rated all the 13 disclosure issues, as well as the 5 disclosure avenues prescribed by this study, as being important (aggregate mean score of 3) or above, as shown in Table 4.5. Hence, the result of this form of interrogation suggests that the prescriptions developed from a synthesis of existing guides is a useful basis for assessing the accountability level of palm oil users on issues pertaining to palm oil use.

Table 4.5: A summary on the experts' opinion on the relative importance of the 13 disclosure issues and the 5 disclosure avenues.

Aggregate mean responses	Number of disclosure issues	Number of disclosure avenues
≥ 4.5 to 5	1	1
≥ 4 to 4.4	5	2
≥ 3.5 to 3.9	4	1
≥ 3 to 3.4	2	1
Total	13	5

Drawing from the data analysis in Section 4.3 and 4.4, the assessment criteria established for this study are:

- a scorecard (the SSPOU) - with a list of 13 sustainable palm oil use associated disclosure issues - which could then be used to assess the current accountability level demonstrated by the organisations; and

- a prescribed list with 5 disclosure avenues to be used as the basis for accountability assessment.

The five avenues are divided into two categories:

- Category 1 includes annual report, sustainability report, corporate website and RSPO ACOP report; and
- Category 2 comprises product label.

Such categorisation is needed because the (surrogate) stakeholders are expecting the organisations to provide information for all the 13 issues via avenues classified in Category 1. Regardless, they (particularly the national IGs as discussed in Section 4.3.2.2) are expecting organisations to provide information on Specific Issue 4 and 10 only via their product labels.

While it is acknowledged that the assessment criteria established may appear fairly arbitrary, it nonetheless embodies a solid foundation in introducing instruments that are not only utilised in this study, but can also serve as a starting point for other scholars who are interested in sustainable palm oil use associated accountability research.

Developed on the basis of both primary and secondary data, the SSPOU is arguably the most complete index yet developed for this very specific area of disclosure. It can be used to assess accountability being demonstrated (or not) by ASGI, with two scores: the raw score and the weighted score.

The raw score (see the third column of Table 4.4)

The SSPOU gives equal raw score to each specific issue. If an organisation disclosed information about a specific issue, then it is given a raw score of 1 (for presence of the information), otherwise zero (for absence of the information). The maximum possible raw score for avenues classified in Categories 1 and 2 are 13 and 2, respectively. The total raw score assigned to an organisation, thus, indicates the total number of specific issues being disclosed by the organisation in each disclosure avenue. Hence, it helps

determine the extent to which an organisation has met the responsibility (and accountability) stakeholders believe it should embrace.

The weighted score (see the right-hand column of Table 4.4)

Again, the weighted score for each specific issue is derived from the experts' aggregate mean responses on the respective importance of the 13 disclosure issues (for stakeholders who are interested in assessing the extent to which an organisation is sourcing sustainable palm oil as part of its business operations). Hence, it is argued that the weighted score represents a means of assessing the 'relevancy' of disclosures (accountability) provided by the organisations.

If an organisation disclosed information about a specific issue, then it is given the mean score in relation to that issue (for presence of the information), otherwise zero (for absence of the information). Organisations are assigned a total weighted score out of 50.6 for disclosure avenues classified in Category 1. Relatedly, the 'relevancy' of disclosures made by an organisation is calculated as the percentage of the total weighted score assigned to the organisation (based on the issues it disclosed) over 50.6.

Again, organisations are only expected to provide information for Specific Issue 4 and 10 via product label (Category 2). As shown in Table 4.4, the aggregate mean responses for both issues are 3.9. Hence, if an organisation disclosed information about an issue, or both issues, then the 'relevancy' (in percentage) of disclosures made by the organisation will be 50 per cent, or 100 per cent; otherwise zero.

Organisations with higher weighted score are considered within this study to be providing more relevant information (and thus higher 'quality' disclosures) in relation to this specific focus of accountability relative to organisations with lower weighted score.

While the analysis may be considered a subjective assessment of palm oil use-related disclosures of ASGI organisations, it helps achieve the objective of this study - to assess the current accountability being demonstrated by ASGI. Moreover, the assessment criteria established help determine whether an alignment exists between

ASGI's current accountability level and (surrogate) stakeholders' demands/expectations on palm oil use associated accountability.

With RQ3 addressed, the study now examines and assesses ASGI's accountability demonstrated pertaining to palm oil use. That is, the study now moves on to address RQ4.

4.5 Research method and organisational overview | Stage 2

The research method in Stage 2 of Phase 2 consisted of a content analysis of the disclosures of the three organisations operating in ASGI and a pilot review of product labels in a sample of these organisations' private-label products. The latter includes the disclosure of the nature of palm oil used (is it sustainable palm oil – from a sustainable source) on product labels and involved field surveys of private-label products that are sold on these organisations' shelves.

Preceding a discussion of the research method, this section presents a brief outline of the three organisations investigated here and the publicly available information sources reviewed for each organisation. This is followed by a brief review of content analysis as a method of research and the process of analysis adopted in this study. The approach of obtaining (preliminary) primary data in verifying product labelling disclosure practices of the organisations will then be discussed.

4.5.1 The Australian supermarket and grocery stores industry (ASGI)

(IBISWorld 2015)

To assess the current accountability level of ASGI, this study analysed three major publicly owned Australian supermarket and grocery chains: Woolworths Ltd; Wesfarmers Ltd; and Metcash Ltd. These organisations were selected for a number of reasons. First, they represent the 'top three major players' (by market share) within the industry and enjoy a substantial market share of 82.1 per cent of the total ASGI revenue. Second, they all offer a wide variety of private-label consumer products (that use palm oil as an ingredient); and third, they are all large and influential organisations

listed on the Australian Securities Exchange Top 100 (by market capitalisation). These organisations are described in more detail below.

Woolworths Limited (Woolworths)

(www.woolworthslimited.com.au)

Woolworths was founded in 1924 in Sydney. Today, Woolworths Ltd is one of the largest organisations in Australia, as measured by annual revenue (IBISWorld 2015). It owns some of the most recognisable brands in retailing, including Woolworths and Safeway Organisations. Listed on the ASX in 1993, Woolworths serves 28.4 million customers each week. At present, Woolworths uses palm oil in its bakery, biscuits/crackers, instant soups, cake mixes and Christmas range sections. To assess the accountability of Woolworths, the study obtained and reviewed its Annual Reports 2015, Sustainability Report 2015, corporate website, ACOP 2014 report, and conducted a field survey on product labels.

Wesfarmers Limited (Wesfarmers)

(www.coles.com.au)

Headquartered in Perth, Wesfarmers Ltd became a pivotal player in the ASGI in 2007 with its acquisition of the Coles Group (IBISWorld 2015). Today, the majority of Wesfarmers' organisations do business under the Coles brand – Coles Supermarket Pty Ltd (Coles) which was founded by G.J. Coles in 1914 in Melbourne. In the light of this, when evaluating the current information on sustainable palm oil use associated accountability, this study reviewed Wesfarmers' Annual Report 2015, Wesfarmers' Corporate Sustainability Report 2015, Coles' Annual Report 2014, Coles' corporate website and Coles' ACOP 2014 report. According to Coles' website, palm oil is used as an ingredient in its private-label products, many of which related to the bakery sections, including over 100 lines of in-store baking mixes used for bread, rolls, doughnuts and cakes supplied by Allied Mills. Being the second largest player in the industry (IBISWorld 2015), Coles' private-label brands include Coles, Coles Finest, SmartBuy and Mix apparel.

Metcash Limited (Metcash)

(www.metcash.com.au)

From its origins in 1920 as a small local grocery store called Davids, Metcash has grown, uniting Australia's independent grocers and diversifying its portfolio of businesses to become an ASX Top 100 company. Based in Sydney, Metcash is now the third major player in the industry, with its market share calculated using the aggregate revenue of all IGA-branded stores nationally (IBISWorld 2015). Every IGA store is individually owned and operated. Metcash is the major distributor of groceries to IGA stores. Each store makes its own purchasing decisions, which can include products outside of the Metcash warehouses and outside of Metcash private-label products which are produced for Metcash by manufacturers and include IGA Signature, Black & Gold and No Frills. In order to obtain a more complete picture of how Metcash operates, apart from Metcash's Annual Report 2015⁴⁸, and its ACOP 2014 report, this study also reviewed IGA's web pages when assessing Metcash's sustainable palm oil use associated accountability.

4.5.2 Content analysis

Content analysis, which is a 'technique for making inferences by objectively and systematically identifying specified characteristics of messages' (Holsti 1969, p. 14), has been employed to analyse ASGI's palm oil use associated accountability/disclosure. Content analysis is considered an important methodology in communication research and has been employed widely by researchers trying to acquire reliable and valid information from narratives that appear in the natural context of the phenomenon being examined (Krippendorff 2018). As an effective means of analysing published information objectively, reliably and systematically (Guthrie et al. 2004), content analysis remains a popular and widely used research method in SEA research (Parker 2014).

Unit of analysis

The accounting literature reveals two approaches that have been widely utilised by SEA researchers, namely: the extent of disclosures using word counts, sentences or

⁴⁸ This study found that Metcash does not publish a stand-alone sustainability report.

pages (see, for example Hackston & Milne 1996; Islam & Deegan 2008; Loh, Deegan & Inglis 2014); and the frequency of disclosures pertaining to a certain issue (for example Cowen, Ferreri & Parker 1987; Haque & Deegan 2010). This study concentrates on the frequency of disclosure as a measure to capture data since the study is focused primarily on the presence or absence of disclosure about a particular palm oil use-related commitment, or action plan. Each organisation, as discussed in the previous section, will be assigned a raw score and a weighted score in relation to the issues being disclosed.

4.5.3 Reviewing ASGI organisations' actual disclosures

Whilst the study utilises secondary data to analyse ASGI's accountability demonstrated via disclosure avenues classified in Category 1 (against the SSPOU developed), the study establishes primary information through field surveys for the avenue (product labels) classified in Category 2. That is, the study examines the product labels of each organisation's private-label products. The aim here is not to take a highly extensive statistical examination of a randomised sample of the organisations' private-label products. This exploratory study will arguably provide us with some preliminary ideas of whether these organisations were in fact attending (or not attending) to the demands/expectations of IGs with reference to product labels.

Data collection and data analysis approaches for avenues classified under both Category 1 and Category 2 are discussed, in turn, in the following sub-sections.

4.5.3.1 Avenues classified in Category 1 (annual report, sustainability report, corporate website and RSPO ACOP report)

The study first examines the disclosures made by the organisations in the latest ACOP reports they submitted to RSPO⁴⁹. In assessing the accountability demonstrated by the organisations via ACOP, the study reviews answers provided by the organisations on the questions included in the scorecard, namely Specific Issues 3 to 9 and 12 (the 8 issues derived from the ACOP reporting document alongside with at least another

⁴⁹ Through an examination of RSPO's website, the study identified that the ACOP 2014 report is the latest one publicly available as of 19 January 2016.

IG's document). The study also reviews answers they provided to the open-ended questions listed on the ACOP 2014 reporting document. This is necessary in order to identify whether the organisations are providing (or not) any information that is relevant to the remaining 5 specific issues on the scorecard.

The study then assesses the disclosures made by the organisations via their own publicly available reports, namely the annual reports, sustainability reports, and any other documents or information presented directly on the organisations' websites (including corporate policies, strategies, press releases, and any other corporate reports).

All the reports were retrieved from the organisations' websites and the RSPO's website on or before 19 January 2016. As part of the review, a 'key word search' was undertaken when reviewing the organisations' annual reports, sustainability reports, corporate websites and ACOP reports. The key words used include 'palm oil', 'vegetable oil', 'vegetable emulsifiers 471', 'vegetable emulsifiers 481', 'deforestation', 'peatland', 'high conservation value forests', 'product labelling', 'RSPO', 'RSPO certified palm oil', '2015', 'suppliers', 'greenhouse gas emissions', 'supply chain', 'tracing', 'policy', 'commitment', and 'carbon footprint'.

4.5.3.2 Category 2: Product label

Sample selection criteria

Based on the research and readings on IGs' websites (WWF, RSPO, UCS and The Forest 500), palm oil is the most widely used vegetable oil on the planet, and it is in about half of all packaged products sold in the supermarket. These products include: both food and non-food products ranging from instant food (particularly instant noodles⁵⁰); bread and pizza dough; ice-cream; cookies, margarine; chocolate; to cosmetics and detergents. In a report commissioned jointly by WWF Australia and the Australian Food and Grocery Council (AFGC), titled *Palm Oil in Australia: Facts, Issues and Challenges*, it stated that in Australia, palm oil is typically used to produce margarine, ice-cream, biscuits, chocolate, chips, baked and fried foods; and a number

⁵⁰ Palm oil, used to pre-cook noodles, is up to 20 per cent of the weight of a pack of instant noodles (WWF 2016b).

of imported shampoos, creams, toothpastes, cosmetics and soap also contain embedded palm oil (Net Balance Foundation 2013). These products are generally considered by the IGs as falling within three broad categories of products that contain palm oil: food products, cosmetics products and cleaning detergent products.

With this knowledge in mind, the researcher visited one shop of all the 3 organisations, in November 2016, to gain an initial understanding about their private-label product ranges. That is, the visits helped to identify whether these organisations have in-store, private-label products which are generally identified by the IGs as products that contain palm oil.

Two notable findings from this initial visit were, firstly, all the organisations have private-label products in the food category but none in the cosmetic category. These organisations do have very few private-label products in the cleaning detergent category, and not all of these products (in every organisation) come with an ingredient list on the label. Secondly, compared to Woolworths and Wesfarmers, Metcash offers less variety in private-label food products.

From the findings of the initial visits, the researcher decided to focus the data collection on private-label food products only. In order to assess and compare the 3 organisations' disclosures on product label, the researcher decided to include all the private-label food products from Metcash for data collection and analysis. For Woolworths and Wesfarmers, the study will include their private-label food products that are the same, if not similar, to that of Metcash.

With the knowledge gathered through the IGs' websites and the initial field visits, a checklist was developed. The checklist comprises seven sub-categories of the organisations' private-label food products that may use palm oil (or its derivatives) as an ingredient: bakery⁵¹; chilled spread (including margarine); confectionery (such as chocolate and candy); biscuits, cookies and corn flakes; frozen savouries (including

⁵¹ An email was sent to each supermarket chain's customer care unit and feedback was received from all these units confirming that palm oil is currently used in their bakery section.

garlic bread/pizza dough); frozen desserts and ice-cream; and pantry products (including instant noodles and canned food)⁵².

Many food products have palm oil listed as 'vegetable oil' and palm oil can be a 'hidden ingredient' with over 200 names (Palm Oil Investigations 2017a). According to Palm Oil Investigations (2017a)⁵³, if the ingredient list of a product has any one of the names of palm oil mentioned in their list, then it is 95 per cent likely that the product contains palm oil unless the company/manufacturer of the product has a clear 'no palm oil' policy. In light of this, a list of the various *other names* of palm oil is downloaded from the Palm Oil Investigations (POI) website to enable the researcher to identify, as far as possible, products that contain palm oil but has been "disguised" or shown by on the ingredient list with different names, such as vegetable emulsifiers E471 and E481, among others.

Data collection

In assessing the organisations' accountability on private-label product labelling, field surveys were conducted at nine supermarkets (three branches for each organisation at different suburbs) in Melbourne from March 1-23, 2017. The product labels were read (and pictures/images taken of the ingredient lists) to ascertain if the organisations provide (or not) information related to the two specific issues expected by IGs:

- Specific Issue 4: That the organisation is using RSPO CSPO; and
- Specific Issue 10: Labelling of palm oil on private-label food products.

Data analysis: a two-step examination process

The study conducted a two-step examination process on all the products collected⁵⁴. A summary view of the two-step examination process has been presented in Diagram 4.2 below.

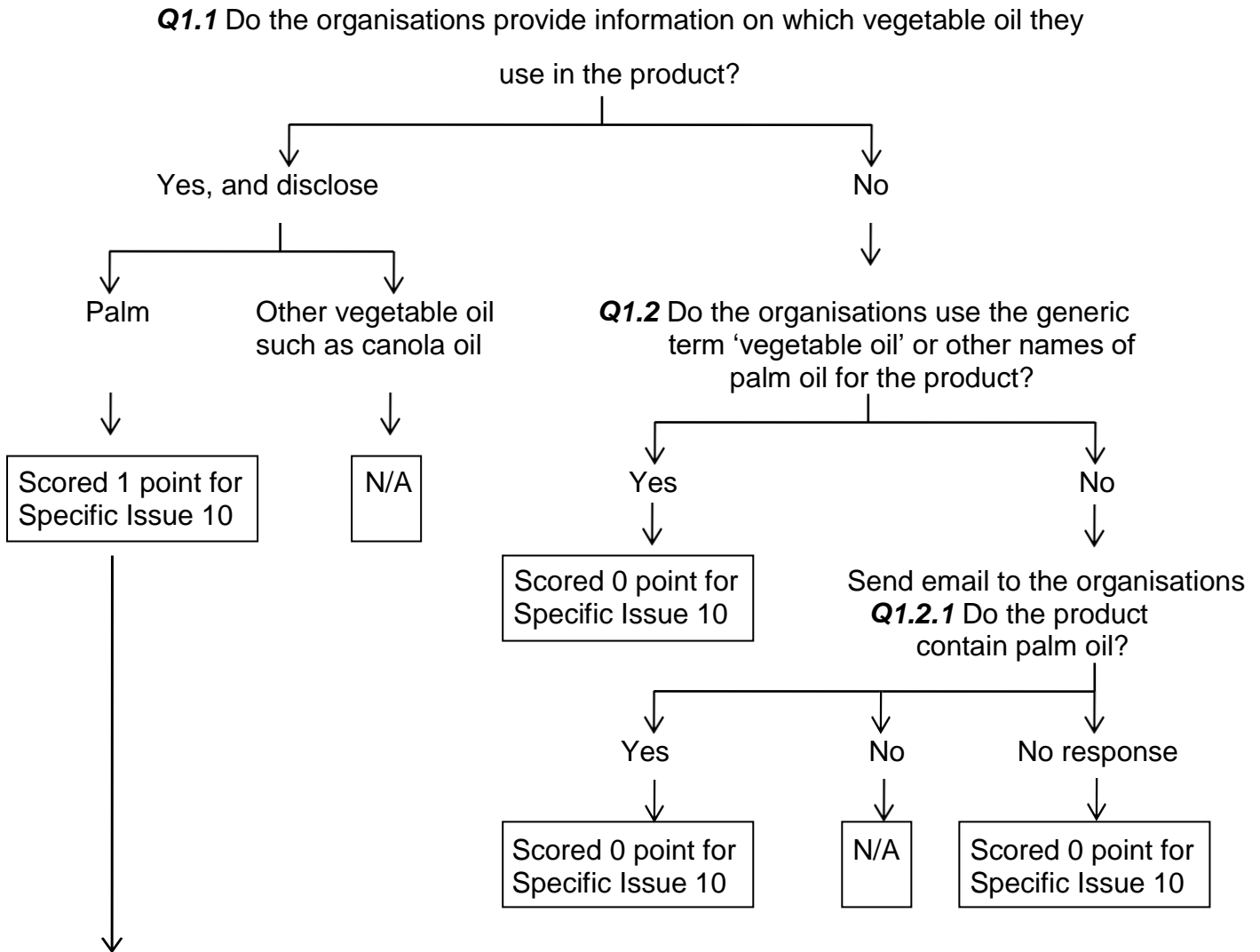
⁵² These 7 sub-categories of food products are also identified by the IGs (see, for example WWF 2016b) as everyday products that contain palm oil.

⁵³ Palm Oil Investigations, founded by Lorinda Jane in March 2013, has since become the world's largest palm oil consumer activist movement, with over 200,000 members on Facebook worldwide (Palm Oil Investigations 2017b).

⁵⁴ Arguably, based on the IGs' websites, these are products that typically contain palm oil.

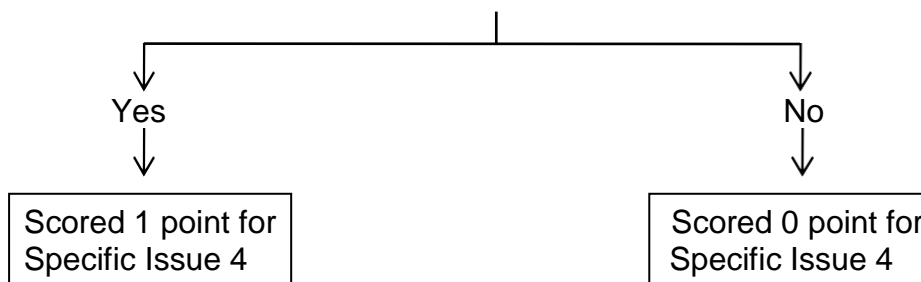
Diagram 4.2: The two-step examination process for each product.

Step 1: Examine whether the organisations provide (or not) information related to Specific Issue 10.



Step 2: Examine whether the organisations provide (or not) information related to Specific Issue 4.

Do the organisations provide information on whether it is/is not using RSPO CSPO?



Step 1 of the examination

Step 1 checked, for each product on the checklist, if the organisations provide (or not) information related to Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil⁵⁵. If the organisations list the terms “palm”, or “palm oil” in the ingredient list on the product label of a product, a score of 1 was recorded on the checklist (as shown in Appendix 7) for the product and the product was included for Step 2 examination. On the other hand, if the organisations, on the ingredient list, clearly disclosed that the product is using other vegetable oils such as canola oil, the study made a judgement that the product does not use palm oil. Accordingly, the product was recorded as NA (non-applicable) on the checklists and subsequently excluded for Step 2 examination.

Regardless, if the organisations did not list clearly the name of the vegetable oil(s) they use in a product, the study then checked whether the organisations have ‘disguised’ palm oil used in a product with the generic name of “vegetable oil” or other names of palm oil, such as “vegetable emulsifier E471” on the product label. If it is discovered that they use the generic name or other names of palm oil, a zero score was recorded, and the product was excluded for Step 2 examination.

For a product where the organisations neither list clearly which vegetable oil(s) they use nor disclosed/disguised palm oil with other names of palm oil on the product label, it is unable to tell whether the organisations have provided (or not) information related to Specific Issue 10. Hence, further investigation was carried out. Emails were sent to the organisations’ Customer Service Unit through their corporate websites, asking each organisation whether the product contained palm oil or not. The decision rules are:

- If the answer was “yes”, a zero score was recorded as the organisation did not attend to stakeholders’ demands as reflected in Specific Issue 10. The product was excluded for Step 2 examination;

⁵⁵ It is acknowledged that the organisations could replace palm oil in these products with other alternative vegetable oils such as canola oil, coconut oil, and others.

- If the organisation's reply was "No", the product was recorded as NA (non-applicable) on the checklist as palm oil is not an ingredient in this product. The product was excluded for Step 2 examination; and
- If the organisations did not respond to the emails, a zero score was recorded on the checklists for both Step 1 and Step 2 examinations. This was done on the basis that this would represent an absence of accountability in relation to Specific Issues 10 and 4.

The same process was repeated for all products on the checklists of the three organisations.

Emails were sent to all the three organisations' Customer Service Unit on 27 July 2017 and they all responded within 3 days. Accordingly, the study argues that all the organisations are demonstrating a reasonable level of accountability through their online Customer Service Unit on customers' queries concerning the use of palm oil in their private-label products. One notable finding from the organisations' responses is the online customer service units did refer to either their quality specialist and/or suppliers before reverting back to us. Woolworths' response was as follows:

We have received a response from the Quality Specialist for this product. They have responded with the following [...]

Likewise, Coles' response stated:

The concerns were referred to the National Quality Team and the suppliers for investigation [...]

Metcash responded by stating that:

We had verified the information with the Supplier and below is their response [...]

Step 2 of the examination

In Step 2, the study examines if the organisations provide (or not) information related to the source of the palm oil used. That is, whether the organisations provide (or

otherwise) information that the palm oil used in the product is (or is not) RSPO certified sustainable palm oil (CSPO) (information related to Specific Issue 4: the organisation is using RSPO CSPO).

For each product (products, from Step 1, which the organisations disclosed clearly on their product labels that palm oil or its derivatives is an ingredient), if the organisations provide information that the palm oil used is (or is not) RSPO CSPO, a score of 1 is recorded in the checklist for that product; otherwise, a zero score. The same process was repeated for all products on the three organisations' checklists.

The results of both Step 1 and 2 for each organisation are presented in Appendix 7.

The study then finalised the results and assigned a raw score for each organisation in terms of their accountability level demonstrated on product labels for Specific Issues 4 and 10. The judgements made herein are:

- For Specific Issue 10, a raw score of 1 is awarded to the organisations if at least 50 per cent of the products examined at Step 1 were marked as “1”, otherwise a zero score is given; and
- For Specific Issue 4, a raw score of 1 is awarded to the organisations if at least 50 per cent of the products examined at Step 2 were marked as “1”, otherwise a zero score is given.

4.6 Results and discussion

4.6.1 Accountability via the ACOP

According to the ACOP 2014 reports of the sample organisations, Woolworths, Wesfarmers and Metcash joined RSPO in 2010⁵⁶. As RSPO members, these organisations are mandated to submit their ACOP to RSPO annually. As stated earlier, eight of the specific issues (Specific Issues 3 to 9 and 12) included in the SSPOU were derived from ACOP 2014 reporting document (and were confirmed as important by other relevant IGs). Further, these issues also form WWF's objective criteria when

⁵⁶ Wesfarmers submitted its ACOP 2014 under Coles Supermarkets Pty Ltd.

evaluating the performance of palm oil users. As RSPO members, the performance of the sample organisations was evaluated by WWF based on the information they provided via the ACOP.

Arguably the sample organisations, upon submitting their ACOP 2014 to the RSPO, are expected to provide information on all of the 8 issues in the form of answering the questions as they appeared on the ACOP reporting document. In so doing, they are not only fulfilling their RSPO members' Code of Conduct, but also meeting the objective criteria of WWF⁵⁷. This enables the sample organisations to achieve a higher score in WWF Palm Oil Buyers' Scorecard 2013 - arguably a 'greener' public image. This is evidenced by the statement made by Wesfarmers (via Coles' annual report), as follow:

Coles' efforts were recognised in WWF's 2013 Palm Oil Buyers Scorecard, receiving the highest score of any Australian retailer.

Consistent with the expectation, all the organisations provided answers to the 8 issues. Regardless, their disclosures in ACOP could be argued as being driven by the mandatory nature of such reporting (thus, not to demonstrate accountability) as all the organisations are members of RSPO, and therefore receive the reputational benefits associated with being a member of this initiative. Since all the organisations do provide the information on these issues, it will be interesting to investigate whether they voluntarily expanded on these issues in their own publicly available disclosure avenues (annual reports, sustainability reports, corporate websites and product labels). Arguably, in order to discharge accountability to various stakeholders, organisations *should* disclose information through their own publicly available disclosure avenues.

4.6.2 Accountability via the annual report

As presented in Table 4.6, the accountability demonstrated by the sample organisations via their annual reports was very poor. It is worth noting that Woolworths did not provide any sustainable palm oil use-related information in its 2015 annual

⁵⁷ Again, submitting ACOP by itself is a WWF scoring criterion.

report. That is, no accountability was demonstrated in its only legally required report. This leads us to question why Woolworths did not provide any palm oil use-related accountability to its shareholders, who are arguably one of the main user groups that peruses the annual report. Perhaps this does not matter because shareholders are, maybe in Woolworths' perspective, not interested in knowing its performance with respect to the use of palm oil.

Consistent with Woolworths, Wesfarmers did not provide any information within its Annual Report 2015. Nevertheless, a statement did emerge directing the stakeholders to refer to its sustainability report, as follows:

The divisions are working towards greater use of sustainable timber, seafood and palm oil in their products. For details about specific commodities, please see the online sustainability report.

Wesfarmers provided information on Specific Issue 4, 5 and 10 in Coles' Annual Report 2014⁵⁸, as shown in the following excerpt:

*We have committed to using 100 per cent certified sustainable palm oil for Coles Brand products by 2015 [Specific Issue 5]. We began converting products in 2012 and since then have converted over 180 products from the bakery section, including over 100 lines of in-store baking mixes used for bread, rolls, doughnuts and cakes. For example, Coles French stick and 7 Seeds & Grains rolls now use sustainable palm oil [Specific Issue 4]. This is shown on the label, making it easier for **customers** to make an informed purchasing decision [Specific Issue 10] (emphasis added).*

The implication here is that customers seem to have a stake of influence within Wesfarmers' disclosure practice, particularly disclosure in relation to Specific Issue 10 on its product labels (to be further explained shortly).

⁵⁸ As discussed earlier, currently the majority of Wesfarmers' organisations operate under the Coles brand (Coles Supermarket Australia Pty Ltd, 2016). Moreover, its ACOP 2014 report was submitted to RSPO under Coles Supermarket Australia Pty Ltd. Hence, this study believes that Wesfarmers might employ Coles' annual report and Coles' website as avenues to discharge its sustainable palm oil sourcing associated accountability. Building on this assumption, this study reviewed these two avenues in holistically analysing Wesfarmers' current accountability. The latest annual report published by Coles as of 19 January 2016 is its annual report for 2014.

Table 4.6: Accountability demonstrated by the organisations via the annual reports (ACOP questions are shown in bold italics).

Specific Issues	Woolworths Ltd		Wesfarmers Ltd (via Coles Annual Report 2014)		Metcash Ltd	
	Raw score	Weighted score	Raw score	Weighted score	Raw score	Weighted score
1. A public commitment to use palm oil that does not contribute to deforestation.	0	0	0	0	0	0
2. A public commitment to use palm oil that does not contribute to new conversion of peatlands.	0	0	0	0	0	0
3. The organisation is a member of RSPO.	0	0	0	0	1	3.0
4. The organisation is using RSPO CSPO.	0	0	1	3.9	1	3.9
5. A public commitment on a time-bound plan to use 100% RSPO CSPO.	0	0	1	4.3	0	0
6. The current annual total amount (in volume) of palm oil the organisation is using.	0	0	0	0	0	0
7. The current annual percentage or total amount of RSPO CSPO the organisation is using.	0	0	0	0	1	3.6
8. The RSPO certified supply chain option(s) the organisation is using.	0	0	0	0	0	0
9. The proportion or amount purchased with each RSPO certified supply chain option.	0	0	0	0	0	0
10. Labelling of palm oil on private-label food products that contain palm oil.	0	0	1	3.9	0	0
11. Implementing traceability to mill or plantation.	0	0	0	0	0	0
12. Reducing GHG emissions in its supply chain.	0	0	0	0	0	0
13. Working with suppliers to ensure palm oil use-related commitments (Specific Issue 1, 2, 4 and 5) are achieved.	0	0	0	0	0	0
Total score	0/13	0	3/13	12.1/50.6	3/13	10.5/50.6
Relevancy (in percentage) of accountability demonstrated		0		23.9		20.8

Metcash also provided information on 3 issues (Specific Issue 3, 4 and 7). Despite having the same number of disclosures, the relevancy of Wesfarmers' disclosures (with a weighted score of 23.9 per cent) was slightly better than Metcash's (20.8 per cent).

4.6.3 Accountability via the sustainability report

As mentioned earlier, Metcash does not prepare a stand-alone sustainability report. In terms of accountability demonstrated via the sustainability report, Woolworths is in the lead (as shown in Table 4.7) with 5 (Specific Issue 1, 4, 7, 8 and 10) out of 13 specific issues being disclosed. It is perhaps not surprising that Woolworths' sustainability report provided greater level of disclosure relative to the annual report as sustainability reports are arguably published to disclose relatively comprehensive information about sustainability-related issues, and are aimed at stakeholders who have a particular interest in social and environmentally-related performance issues.

However, disclosing only 5 out of 13 issues again suggests that Woolworths did not provide a reasonable level of accountability to its stakeholders through its sustainability report. Additionally, the relevancy of its disclosures was below 50 per cent (weighted score of 37.9 per cent).

Despite a statement made in its annual report directing the stakeholders to refer to its sustainability report, Wesfarmers disclosed only information related to Specific Issue 4 in this report. This gives Wesfarmers a weighted score of a mere 7.7 per cent.

4.6.4 Accountability via the corporate website

With a total number of 8 issues disclosed (Specific Issue 1, 3, 4, 5, 6, 7, 8 and 10) on its corporate website and a weighted score of 60.3 per cent (in terms of the relevancy of the disclosures made), Woolworths had again demonstrated a greater level of accountability relative to Wesfarmers and Metcash (as shown in Table 4.8).

Both Wesfarmers (via Coles' corporate website) and Metcash (via IGA's website) disclosed information on 3 specific issues (both organisations disclosed information

related to Specific Issue 3 and 10). Relatedly, the weighted scores assigned to Wesfarmers and Metcash are 21.3 and 21.7 per cent respectively.

Table 4.7: Accountability demonstrated by the organisations via the sustainability reports (ACOP questions are shown in bold italics).

Specific Issues	Woolworths Ltd		Wesfarmers Ltd		Metcash Ltd	
	Raw score	Weighted score	Raw score	Weighted score	Raw score	Weighted score
1. A public commitment to use palm oil that does not contribute to deforestation.	1	4.1	0	0	N/A	N/A
2. A public commitment to use palm oil that does not contribute to new conversion of peatlands.	0	0	0	0	N/A	N/A
3. The organisation is a member of RSPO.	0	0	0	0	N/A	N/A
4. The organisation is using RSPO CSPO.	1	3.9	1	3.9	N/A	N/A
5. A public commitment on a time-bound plan to use 100% RSPO CSPO.	0	0	0	0	N/A	N/A
6. The current annual total amount (in volume) of palm oil the organisation is using.	0	0	0	0	N/A	N/A
7. The current annual percentage or total amount of RSPO CSPO the organisation is using.	1	3.6	0	0	N/A	N/A
8. The RSPO certified supply chain option(s) the organisation is using.	1	3.7	0	0	N/A	N/A
9. The proportion or amount purchased with each RSPO certified supply chain option.	0	0	0	0	N/A	N/A
10. Labelling of palm oil on private-label food products that contain palm oil.	1	3.9	0	0	N/A	N/A
11. Implementing traceability to mill or plantation.	0	0	0	0	N/A	N/A
12. Reducing GHG emissions in its supply chain.	0	0	0	0	N/A	N/A
13. Working with suppliers to ensure palm oil use-related commitments (Specific Issue 1, 2, 4 and 5) are achieved.	0	0	0	0	N/A	N/A
Total score	5/13	19.2/50.6	1/13	3.9/50.6	N/A	N/A
Relevancy (in percentage) of accountability		37.9		7.7		N/A

Table 4.8: Accountability demonstrated by the organisations via the corporate websites (ACOP questions are shown in bold italics).

Specific Issues	Woolworths Ltd		Wesfarmers Ltd (via Coles' website)		Metcash Ltd (via IGA's website)	
	Raw score	Weighted score	Raw score	Weighted score	Raw score	Weighted score
1. A public commitment to use palm oil that does not contribute to deforestation.	1	4.1	0	0	1	4.1
2. A public commitment to use palm oil that does not contribute to new conversion of peatlands.	0	0	0	0	0	0
3. The organisation is a member of RSPO.	1	3.0	1	3.0	1	3.0
4. The organisation is using RSPO CSPO.	1	3.9	1	3.9	0	0
5. A public commitment on a time-bound plan to use 100% RSPO CSPO.	1	4.3	0	0	0	0
6. The current annual total amount (in volume) of palm oil the organisation is using.	1	4.0	0	0	0	0
7. The current annual percentage or total amount of RSPO CSPO the organisation is using.	1	3.6	0	0	0	0
8. The RSPO certified supply chain option(s) the organisation is using.	1	3.7	0	0	0	0
9. The proportion or amount purchased with each RSPO certified supply chain option.	0	0	0	0	0	0
10. Labelling of palm oil on private-label food products that contain palm oil.	1	3.9	1	3.9	1	3.9
11. Implementing traceability to mill or plantation.	0	0	0	0	0	0
12. Reducing GHG emissions in its supply chain.	0	0	0	0	0	0
13. Working with suppliers to ensure palm oil use-related commitments (Specific Issue 1, 2, 4 and 5) are achieved.	0	0	0	0	0	0
Total score	8/13	30.5/50.6	3/13	10.8/50.6	3/13	11.0/50.6
Relevancy (in percentage) of accountability demonstrated		60.3		21.3		21.7

4.6.5 Accountability on product labels

A summary view of the raw scores assigned to each organisation in respect of Specific Issue 10 and 4 has been presented in Table 4.9. All the sample organisations were assigned a raw score of 1 for Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil; but zero for Specific Issue 4: the organisation is using (or is not using) RSPO CSPO. In other words, all the organisations achieved 50 per cent in terms of the relevancy of the disclosures (accountability) provided via product label.

4.6.5.1 Woolworths Ltd

The study collected primary data on 55 private-label products, branded under Woolworths Homebrand and Woolworths Select, across the seven categories on food products during the field surveys (as shown in Table 4.9). Only 43 of these products use palm oil as an ingredient, while the remaining 12 use other vegetable oils such as canola oil, soya oil and sunflower oil. When the product labels of these 43 products were investigated, the study found the terms “palm” or “palm oil” are labelled clearly on the ingredient list of 28 products (particularly in the biscuits, cookies and cornflakes category).

In the remaining 15 products (particularly in their bakery and confectionery range), Woolworths disclosed the terms “vegetable emulsifiers (E) 471”, “E472e” and/or “E481” instead of “palm oil”. In other words, 65 per cent (28 out of 43) of the total products reviewed (which arguably contain palm oil) provided information as required by stakeholders as reflected in Specific Issue 10: Labelling of palm oil on private-label food products. Hence, Woolworths is awarded 1 point for this issue.

Of the 7 food categories, Woolworths demonstrated the greatest accountability on this issue in its biscuits, cookies and cornflakes category, with clear labelling of palm oil appearing on the product label of 14 (out of 15) products. While this study found labelling of palm oil appeared on the Woolworths Homebrand cornflakes, Woolworths disclosed the term ‘vegetable emulsifier 471’ in its Select Crispy Golden Cornflakes. This raises interesting question on why Woolworths is implementing different palm oil labelling policies within its private-label products.

Table 4.9: Accountability demonstrated by organisations via product label.

Categories	Woolworths Ltd			Wesfarmers Ltd			Metcash Ltd		
	Products Contain Palm Oil	Disclose Specific Issue 10	Disclose Specific Issue 4	Products Contain Palm Oil	Disclose Specific Issue 10	Disclose Specific Issue 4	Products Contain Palm Oil	Disclose Specific Issue 10	Disclose Specific Issue 4
	Total Products Checked	Products Contain Palm Oil	Disclose Specific Issue 10	Total Products Checked	Products Contain Palm Oil	Disclose Specific Issue 10	Total Products Checked	Products Contain Palm Oil	Disclose Specific Issue 10
Bakery	5/5	0/5	0/0	15/15	12/15	2/12	7/7	7/7	0/7
Chilled Spread	1/1	1/1	0/1	1/1	1/1	0/1	2/2	0/2	0/0
Confectionery	5/5	2/5	0/2	5/5	5/5	1/5	4/4	2/4	0/2
Biscuit, cookies and cornflakes	15/17	14/15	0/14	12/15	11/12	4/11	13/13	13/13	0/13
Frozen savoury	7/12	5/7	0/5	6/12	5/6	0/5	4/9	2/4	0/2
Frozen desserts and ice cream	9/9	5/9	0/5	8/8	8/8	0/8	6/6	3/6	0/3
Pantry products	1/6	1/1	0/1	2/8	2/2	0/2	3/6	2/3	0/2
Total	43/55	28/43	0/28	49/64	44/49	7/44	39/47	29/39	0/29
Percent (%)		65%	0%		90%	16%		74%	0%
Raw score		1	0		1	0		1	0

As shown in Appendix 7.1, none of the 43 products investigated provide an account for Specific Issue 4: the organisation is using RSPO CSPO. Hence, a zero score is awarded to Woolworths for this specific issue.

4.6.5.2 Wesfarmers Ltd

During the field surveys, primary data of 64 private-label food products across seven categories (as shown in Table 4.9) were collected. Only 49 of these products use palm oil as an ingredient, while the remaining 15 products use other vegetable oil/fat from canola oil, cottonseed oil, coconut oil, soya oil and sunflower oil (as disclosed by Wesfarmers on the product labels).

When the product labels of the 49 products were investigated to ascertain whether Wesfarmers provided information pertaining to Specific Issue 10: Labelling of palm oil on private-label food products, the study found the terms “vegetable fat (certified sustainable palm)” or “palm oil” are labelled clearly on the ingredient list of 44 products.

In the remaining 5 products, the study found the terms “vegetable emulsifiers (E) 471”, “E472e”, “E476” and/or “E481” instead of “palm oil”. Further analysis of these 5 products leads us to an interesting finding. ‘Coles Ultimate Chocolate Chips Cookies’ is the only product we reviewed from the biscuit, cookies and cornflake category that Wesfarmers does not provide clear information for Specific Issue 10; so as ‘Coles Twin Pack Garlic Baguette’ - the only product from the frozen savoury category.

From the bakery category, Wesfarmers does not provide information on this issue in Coles’ packaged ‘White Toast Bread’, and ‘White Sandwich Bread’ and ‘Wholemeal Sandwich Bread’. Yet it does appear in all the other products reviewed in this category. This leads us to question why there is inconsistency in Wesfarmers’ accountability demonstrated on its product labels; and could different suppliers for their private-label products lead to such inconsistency. This will be discussed shortly.

On the whole, 90 per cent (44 out of 49) of all products reviewed (which contain palm oil) provided information in relation to Specific Issue 10. Hence, Wesfarmers is awarded 1 point for Specific Issue 10.

Of the 44 products, the study only found the term ‘certified sustainable palm oil’ on 7 products: 4 from the biscuits, cookies and cornflakes; 2 from the bakery category; and 1 from the confectionery category. In 35 of the 44 products, the study found the term ‘contributes to the production of certified sustainable palm oil’ or ‘supports the production of certified sustainable palm oil’ on their product labels. It is argued that the term ‘contributes to’ and ‘supports’ are not informative. That is, this term does not tell stakeholders whether or not 100 per cent of the palm oil used in these products is sourced only from RSPO CSPO. Additionally, in the remaining 2 of the 44 products from the pantry product category – ‘Coles Chicken Flavour 2 Minute Noodle’ and ‘Coles Beef Flavour 2 Minute Noodle’, Wesfarmers do not inform consumers whether the palm oil used in these products is sourced sustainably or not. Hence, only 14 per cent (7 out of 44) of the total products reviewed (which contain palm oil) provided an account on Specific Issue 4, for which Wesfarmers scored a zero point.

4.6.5.3 Metcash Ltd

For Metcash, the study collected primary data on 47 private-label products across seven categories during the field surveys (as shown in Table 4.9). The study found 39 of these products use palm oil as an ingredient, while the remaining 8 use another vegetable oil such as canola oil, soybean oil, cottonseed oil and coconut oil.

When investigating the product labels of these 39 products, the terms “vegetable fats and/or oils (palm)” were labelled clearly on the ingredient list of 29 products (particularly in the bakery; and biscuit, cookies and cornflakes categories). In the remaining 10 products (including products from the frozen desserts and ice-cream category and chilled spread category), Metcash discloses the terms “vegetable emulsifiers (E) 471”, and “E481” instead of “palm oil”. That is, 74 per cent (29 products) of the total 39 products reviewed (which contain palm oil) provided information as required by stakeholders in Specific Issue 10, for which Metcash is awarded 1 point. As was the case with Woolworths, none of these products provided an account on Specific Issue 4 so a zero score was awarded for Specific Issue 4.

4.6.6 Interpretation of the results and future research

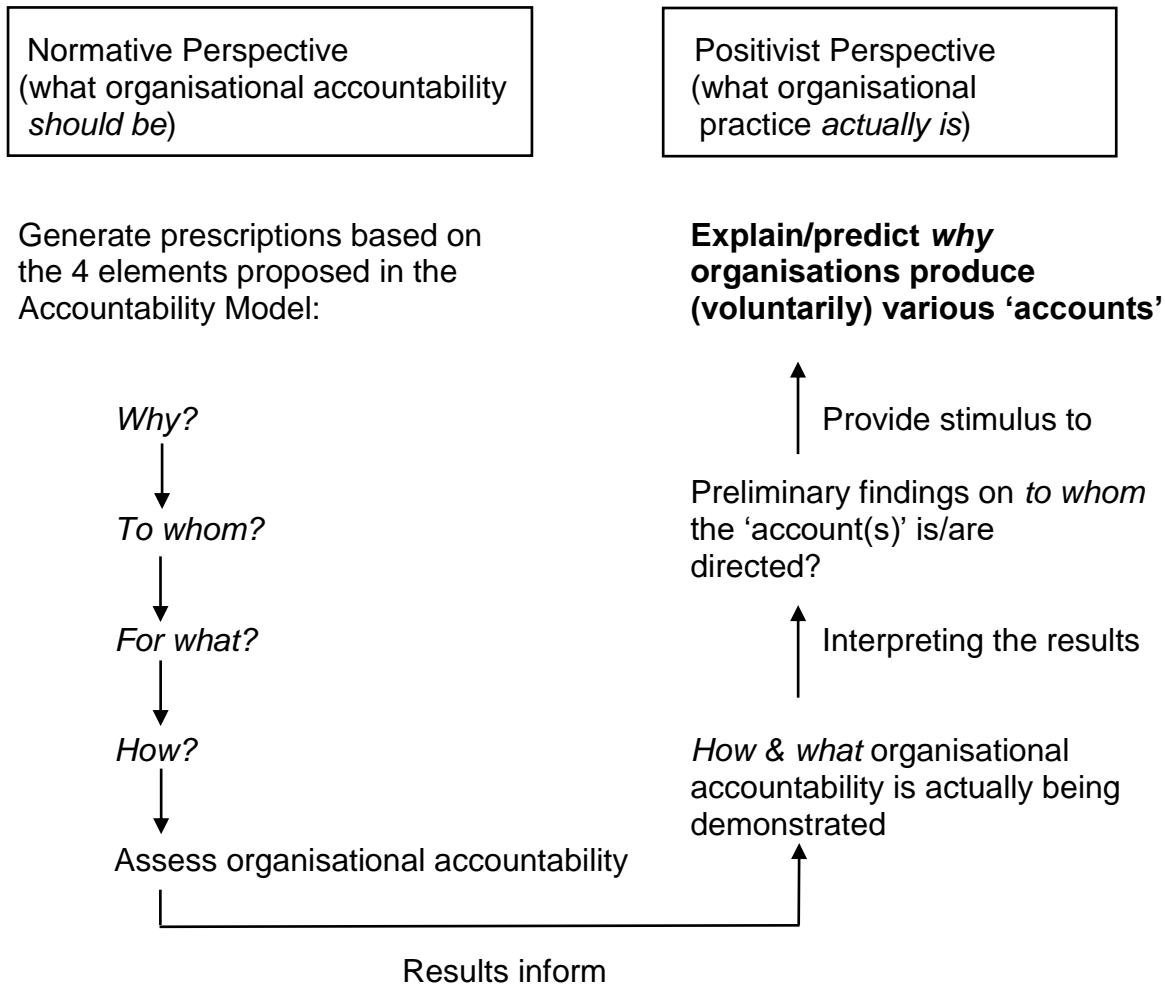
As discussed earlier, the prescriptions on *what* and *how* organisational accountability *should be demonstrated* were generated based on the four hierarchical elements (*why? to whom? what? and how?*) as proposed in Chapter 3. Likewise, in interpreting the results of the assessment on the actual accountability being demonstrated by ASGI, the four elements can offer a hierarchical analysis on what organisational accountability practice *actually is* (as shown in Diagram 4.3).

Nonetheless, the four elements are applied (in interpreting what organisational practice *actually is*) in a backward/retrospective sequence as per the proposed accountability model, as written below:

- (1) *how* (or where) has accountability pertaining to palm oil use been demonstrated, for example what reporting frameworks are used and where are the ‘accounts’ displayed;
- (2) for *what* aspects of performance have accountability been demonstrated - that is, what aspects of performance have been reflected within the ‘accounts’;

- (3) *To whom* is/are the 'account(s)' directed to; and
- (4) *Why* would organisations produce (voluntarily) various 'accounts'?

Diagram 4.3: The link between Phase 2 and Phase 3 (with the research issue that will be addressed in Phase 3 shown in bold).



This sub-section will first interpret the results of ASGI's accountability practice via their own publicly available disclosure avenues on the first two elements, namely: *how* ASGI has demonstrated accountability pertaining to palm oil use; *and what* information has (or has not) been disclosed by ASGI.

Arguably, assessing *how* and *what* ASGI's accounting practice actually is, inform us of the gaps between stakeholders' expectations and ASGI's current practices. This suggests room for improvement in ASGI's accountability on palm oil use. Second, with the interpretations/results on the *how* and *what* elements, this study is able to attain

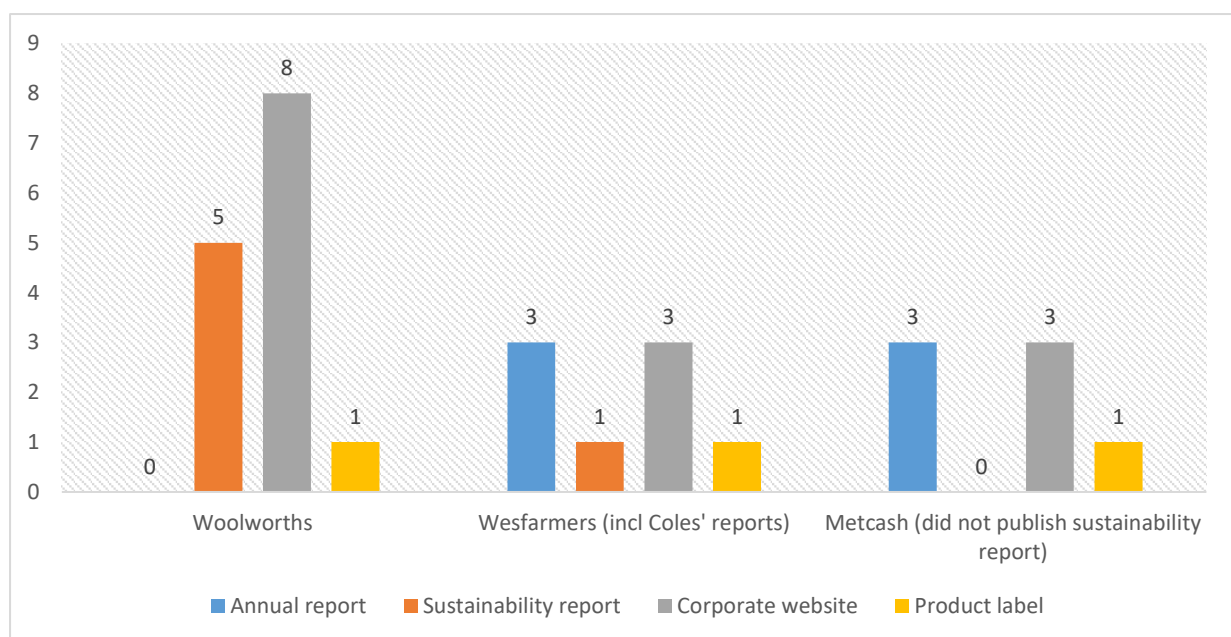
preliminary findings as *to whom* the accounts are directed to. This will then provide the stimulus to, from a positivist perspective, explain/predict *why* ASGI produces (or not) various accounts for palm oil use - a research issue that will be explored in Phase 3 of this broader research (see Chapter 5 and 6).

A summary on the link between this study (Phase 2) and Phase 3 (to be addressed in the following chapters) is also presented in Diagram 4.3.

4.6.6.1 How has ASGI demonstrated accountability pertaining to palm oil use (via their own publicly available disclosure avenues)?

Figure 4.2 shows the total number of specific issues each organisation disclosed via their own disclosure avenues (the annual reports, sustainability reports, corporate websites and product labels). The result shows that the disclosures provided by the sample organisations in these disclosure avenues were very much below stakeholders' expectations, except (perhaps) Woolworths' accountability demonstrated via its corporate website.

Figure 4.2: Specific issues disclosed by each organisation via their own publicly available disclosure avenues (with a total maximum raw score out of 13 for disclosures made in the annual reports, sustainability reports and corporate websites; and 2 maximum score for product labels).



All the organisations disclosed, in their ACOP, 8 (out of 13) specific issues captured in the SSPOU. In other words, they have information on at least 8 specific issues. Interestingly, they are not providing information on all of these issues in their own disclosure avenues. Although ACOP is a publicly available report, it is only accessible through the RSPO website. Unless the organisations direct their stakeholders (in their own disclosure vehicles) to refer to ACOP (and provide the link to such a report) for further information about their actions undertaken (or otherwise) towards minimising the negative impacts associated with palm oil use, this study suggests that stakeholders (clearly with the exception of IGs) are unable (and potentially will not) assess what is being done. Notably when examining the disclosures made by the sample organisations, the study did not find any such reference.

With such a low level of accountability demonstrated in their own publicly available disclosure avenues, the study contends that these organisations are not showing a reasonable accountability level to their stakeholders (except, perhaps, to particular IGs via their ACOP submission).

Despite annual report is still playing a very important role as a communication tool (from the stakeholders' perspective⁵⁹), there appears to be a general lack of disclosures in this disclosure avenue. As shown in Figure 4.2, corporate websites, sustainability reports and product labels were also used by the organisations when discharging their accountability pertaining to palm oil use. Indications in this study on the different and evolving avenues used for palm oil used-related disclosure (other than annual reports) suggest that these organisations are able to efficiently and effectively communicate with, and meet the information needs of, a wider range of stakeholders.

Further, annual report is traditionally used to provide financial information about the reporting entity that is useful to existing and potential investors, lenders and other creditors in making decisions about providing resources to the entity (The International Accounting Standards Board 2018). The implication here is, if we are to accept that

⁵⁹ Annual report, together with product label, is ranked as the 2nd most important disclosure avenue by the experts with an aggregate mean response of 4 (out of 5).

organisations employ different disclosure avenues for particular disclosures because each avenue has its own targeted audience, then the study would argue that the organisations appear to be accepting a greater responsibility and accountability to the broader stakeholder groups (and not just shareholders, investors and creditors). In other words, the findings further support the increasingly accepted view that researchers should not rely merely on annual reports when doing CSR research.

4.6.6.2 What accounts have the organisations disclosed (via their own publicly available disclosure avenues)?

Disclosures made via their own public reports (annual report, sustainability report and corporate website)

When analysing the disclosures made by each organisation, one notable finding (see Table 4.10) is that all the disclosures (although not comprehensive and at varying degree in terms of the number of disclosures) provided by the sample organisations appear to be ACOP questions which also form the objective criteria of WWF Palm Oil Buyers' Scorecard 2013⁶⁰. The exceptions are:

- Specific Issue 1: A public commitment to use palm oil that does not contribute to deforestation (disclosed by Woolworths and Metcash only); and
- Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil (disclosed by all the sample organisations).

Interestingly, both Woolworths and Metcash relate their disclosure of information pertaining to Specific 1 to their industrial membership with the Consumer Goods Forum. Specific Issue 10, on the other hand, is an issue advocated only by the national IGs.

As can be seen in Table 4.10, all the organisations provided disclosures related to Specific Issue 3, 4 and 10 in at least one of their own public reports. None of the sample organisations, on the other hand, provided information on Specific Issue 2, 9,

⁶⁰ Again, all the sample organisations were scored by WWF in its Palm Oil Buyers' Scorecard 2013.

11, 12 and 13 in any of their own disclosure avenues. In other words, none of the organisations disclosed information regarding:

- firstly, commitment to sourcing peatland-free palm oil (Specific Issue 2);
- secondly, the proportion or amount purchased with each RSPO certified supply chain option(s) (Specific Issue 9);
- thirdly, tracing their palm oil supply chain back to the mills and/or plantations in order to ensure that the oil they use is being cultivated sustainably (Specific Issue 11);
- fourthly, their intention/actions to ask their suppliers about their GHG footprint of the palm oil production (Specific Issue 12); and
- fifthly, their initiatives to work with their suppliers so that palm oil use-related commitments are achieved (Specific Issue 13).

Table 4.10: A summary on *what* accounts have each organisation disclosed via their own disclosure avenues.

Organisation	Specific Issues disclosed in			
	Annual report	Sustainability report	Corporate website	Product label
Woolworths Ltd	None	1, 4, 7, 8,10	1, 3, 4, 5, 6, 7, 8,10	10
Wesfarmers Ltd (via Coles)	4, 5, 10	4	3, 4, 10	10
Metcash Ltd	3, 4, 7	NA	1, 3, 10	10

This is an interesting finding which in itself might be an indication of the ‘institutionalised’ nature of the disclosures. This also leads us to question the reasons for the different disclosure focus if we were to accept that the scorecard represents a comprehensive ‘best practice’ disclosure index on sustainable palm oil use.

Additionally, through the survey conducted with the experts, Specific Issue 2, 11 and 13 have been identified as issues that are relatively more important (along with Specific Issue 1, 5, 6 and 10) than the other specific issues. This leads us to question whether the organisations are making enough effort to ensure the sustainable palm oil they acquired is really sourced in an environmentally responsible manner, since from both the conservation and climate perspectives (as discussed in Section 2), it is crucial

to protect rainforests and peatlands. Furthermore, full supply chain traceability is possible given that the RSPO now offers traceability back to mills for all physical supply chain models in RSPO eTrace (RSPO 2016).

Similarly, to enable interested stakeholders to determine the seriousness with which the organisations are embracing sustainably-sourced palm oil, stakeholders need to be informed about the initiatives they have undertaken (or not) to work with suppliers in achieving all of their palm oil-related commitments. Hence, this study argues that ASGI should take further responsibility (and accountability) on issues related to the palm oil use within their private-label products.

Disclosures made via product labels

Again, all the sample organisations were assigned a raw score of 1 for Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil; but zero for Specific Issue 4: the organisation is using (or is not using) RSPO CSPO. As discussed in Section 4.6.5, the study found inconsistency in the palm oil labelling policy in all the sample organisations. Arguably, one possible reason for such inconsistency could be that they are sourcing their private-label products from different suppliers/manufacturers whom might implement different palm oil use policies. If the organisations do not communicate their palm oil use policies clearly with their suppliers, and work with them to ensure their suppliers are meeting all their palm oil use commitments, the study argues that such inconsistency in product labelling (and perhaps poor accountability on product labelling) is expected.

This is consistent with the results shown in Table 4.10 - none of the sample organisation discharged accountability for Specific Issue 13. Hence, this study argues that the absence of accountability pertaining to Specific Issue 13 could be a possible reason for the absence of accountability for Specific Issue 4 via the product labels. Relatedly, the study argues that to improve ASGI's accountability for Specific Issue 4 (via the product labels), it is necessary to improve ASGI's accountability in relation to Specific Issue 13.

Hence, drawing on the findings on the *what and how elements*, the results indicate that ASGI's improvements in accountability pertaining to palm oil use are both possible, and necessary, to enable interested stakeholders to determine the actions undertaken (or otherwise) by ASGI in an endeavour to minimise negative impacts associated with palm oil use.

4.6.6.3 To whom are the accounts (via their own publicly available disclosure avenues) directed to?

Interestingly, the findings suggest consumers as a major stakeholder group upon whom ASGI directed their accounts. As stated by Wesfarmers (via Coles' website):

Coles also labels palm oil where it is used in Coles branded products, to make it easier for customers to make informed purchasing decisions.

Likewise Woolworths, on its website, also documented that 'we are clearly labelling use of palm oil in the products so the customers can make informed choices'. Consistently, when being asked of its plan to use the RSPO Trademark⁶¹, Woolworths also indicated (in its ACOP 2014) that such decision is reliant on their customers' demand, as follows:

We do not currently use RSPO Trademark. [...] We will continue to consider the use of RSPO Trademark, dependent on customer demand.

Interestingly Metcash, on its website, used the heading 'The Good Oil on Palm Oil - informing consumers'. It seems to suggest that Metcash's website disclosures on its palm oil use-related commitments and policies are primarily addressed to its consumers. Although Metcash did refer its consumers to the RSPO website (and provided a link to RSPO's homepage) for further details about RSPO, it did not inform the consumers that they could also access Metcash's ACOP report from the RSPO website for further details about its commitment/use of sustainable palm oil. As noted in Woolworths' ACOP 2014, its customer research indicates there is virtually no awareness of RSPO. Hence, this study argues that the disclosure made by Metcash

⁶¹ The RSPO Trademark is a globally recognised eco-label that signals the use of RSPO-certified sustainable palm oil.

about RSPO is unlikely to lead Metcash's stakeholders to refer to its ACOP report (available only on the RSPO website) when assessing Metcash's accountability.

The findings also seem to suggest that the IGs' initiatives which explicitly publicised ASGI's palm oil use-related practices (perhaps, ASGI's practices that are not in alignment with their expectations) seem to be able to influence ASGI's accountability and accounting (disclosure) practices. These IGs include:

- WWF who scored and published the sample organisations' performance via its Palm Oil Buyers' Scorecard 2013 (against a set of objective criteria - Specific Issue 3 to 9 and 12); and
- Zoos Victoria, through its ongoing article about the latest news on its *Don't Palm Us Off* campaign (published on its website), who communicated to the community about ASGI's unethical labelling practices.

Conversely, ASGI did not seem to respond to the governance policies that are beyond WWF and Zoos Victoria's expectations via their own disclosure avenues. These governance policies are expected by the other IGs in the guides they published. Why is this so? Are there specific factors that motivate ASGI to react to WWF's scorecard and Zoos Victoria's campaign/petition? These issues will further be explored in Phase 3 of this thesis, as explained below.

4.6.6.4 Why would ASGI decide to (voluntarily) discharge accountability pertaining to palm oil use (via their own publicly available disclosure avenues)?

The results of this study (and those reported herein are an early 'first pass' at documenting them) provide the stimulus for another related study - Phase 3 - which will be discussed in Chapters 5 and 6. Whilst this chapter adopted a normative perspective in which it assessed the accountability being demonstrated by ASGI against a list of expected/desired disclosures, Chapter 5 embraces a positive perspective in which the researcher seeks to explain ASGI's current disclosures, and changes in disclosures across time in an endeavour to explain the phenomenon within ASGI's accountability and accounting (disclosure) practices pertaining to palm oil use.

Analysing *why* would ASGI produce (or not) ‘accounts’ on the palm oil use-related issues is necessary to truly understand, and ultimately (hopefully), improve organisational accountability pertaining to palm oil use. That is, with the results in mind, Phase 3 will identify a number of practical initiatives that the researcher believes could be developed to improve the accountability of ASGI. Hence, the researcher is motivated to explore further a number of connected issues:

- utilise particular theoretical frameworks to ascribe ASGI’s motivations for particular disclosures (or non-disclosures) to address the information needs of (surrogate) stakeholders (to be explored in Chapter 5); and
- identify some underlying reasons that appear to motivate (or hinder) ASGI to provide palm oil use-related corporate governance disclosures (to be explored in Chapter 6).

4.7 Conclusion

This study contributes to the SEA literature by investigating an unexplored area – specifically, how the ASGI voluntarily (and publicly) reports on sustainable (or unsustainable) palm oil use. Adopting the accountability model proposed in Chapter 3, the study explains how the judgements made in this study (in terms of the issues of *why?* to whom? *what?* and *how?*) led to prescribed lists of assessment criteria on *what and how* accountability should be demonstrated.

Central to the analysis is the belief (based on scientific evidence) that oil palm forest proliferation has wielded many damaging environmental impacts. Therefore, and adopting a normative perspective, corporate entities such as supermarkets are accountable to stakeholders in terms of efforts undertaken (or not) to ensure the use of sustainable palm oil in the private-label products they sell.

Returning to the research questions, they were:

RQ3: *What and how (or where) information about palm oil use-related corporate governance practices should be disclosed by ASGI in order to enable interested*

stakeholders to assess whether the palm oil being used is being sourced from sustainable plantations?

RQ4: *To what extent do ASGI appear to demonstrate accountability pertaining to palm oil use within the private-label products they sell?*

In developing the assessment criteria (that is, to address RQ3), this study relied upon work undertaken by various community-based IGs who have a specific interest in reducing the environmental impacts of palm oil cultivation and use. Such organisations, through various publications, identified lists of governance policies they would expect to see in place in organisations that use palm oil. The study synthesised these lists and developed: 1) a disclosure index with 13 disclosure issues (SSPOU); and 2) a prescribed list with 5 disclosure avenues to be used as the basis for accountability assessment. This was done on the basis that if various ‘expert’ organisations had identified particular governance policies/procedures they expected to see in place, then an organisation should provide information (disclosures) about whether such policies were (were not in) place. Doing so will enable interested stakeholders to assess the degree to which an organisation is accepting its responsibility (and accountability) in relation to palm oil use, and its related impacts. In developing the assessment criteria, the study relied upon IGs’ perspectives in a manner that is consistent with the idea of ‘surrogate accountability’ (see Rubenstein 2007). The study also sought experts’ opinions to validate the comprehensiveness and validity of the assessment criteria developed. In so doing, the study has provided a “best practice” disclosure index with 13 disclosure issues on *what* ASGI should disclose; and a list with 5 disclosure avenue on *how* (or *where*) ASGI should disclose information about palm oil use-related corporate governance practices.

In relation to RQ4, it is concluded here that the current accountability being demonstrated by ASGI was low. While there are issues that have been relatively well-disclosed (particularly Specific Issues 3, 4 and 10), not one of the organisations has provided information on all of the issues demanded by stakeholders (as reflected in the SSPOU). The implication here is that various governance policies exist which, if properly implemented, can improve the sustainability of palm oil use activities. ASGI’s improvements in accountability pertaining to palm oil use are, thus, arguably seen as

being both possible and necessary to enable interested stakeholders to determine the seriousness with which the 13 important issues are being addressed.

IGs' initiatives which explicitly reported/published ASGI's (unethical) palm oil use-related performances/practices seem to be able to influence ASGI's accountability and accounting (disclosure) practices. This raises the issue about the responsibilities of 'powerful' surrogate stakeholders when dealing with industries that contribute to the degradation of natural capital, which (hopefully) ultimately will lead to widespread sustainable development. If we accept the notion that accountability reflects behaviour, then the extent to which these large organisations embrace sustainability in their disclosure policies may be an important factor for the future of the palm oil industry and the natural capital.

Although this study focuses on ASGI, the scorecard developed considers the global context of sustainable palm oil use commitments and practices. Therefore, it can be expected that this scorecard would be useful for any palm oil users who want to understand the expectations and accountability that various stakeholders insist upon. Moreover, this study would help forward-looking policy-makers capture competitive advantage related to the reputational and operational risks and/or opportunities concerning their business activities' dependencies and (negative) impacts on the natural capital – the tropical forests and peatlands - that have been extensively destroyed for the cultivation of palm oil.

Finally, to various stakeholders (ethical consumers and investors in particular), the results of this study will help them to make informed decisions about whether or not to support an organisation.

CHAPTER FIVE. PHASE THREE: THEORETICAL PERSPECTIVES TO EXPLAIN ASGI'S MOTIVES FOR THE DISCLOSURE OF INFORMATION ABOUT PALM OIL USE-RELATED CORPORATE GOVERNANCE PRACTICES

5.1 Introduction

The discussion in the previous chapter (Phase 2 of this research) leads to a consideration to seek to understand ASGI's motivations to provide disclosures on palm oil use-related governance policies.

The emergence of social and environmental accounting (SEA) has given rise to much theoretical and empirical research in the area in general - and research that identifies the explanations of, or motivations for corporate social and environmental disclosures (CSD) in particular. As researchers, we embrace theories either as a basis for predicting and/or explaining a particular phenomenon, or to provide the basis for particular normative prescriptions (the approach taken in Chapter 4). In this context, Gray, Adams and Owen (2014, pp. 74-75) stated that:

Theory is, at its simplest, a conception of the relationship between things. It refers to a mental state or framework and, as a result, determines, inter alia, how we look at things, how we perceive things, what things we see as being joined to other things and what we see as 'good' and what we see as 'bad'. If we are going to try and explain social accounting practice, make sense of its potential and its impacts (interpret it) and evaluate its effectiveness, we are going to need some theory.

Another scholar, Deegan (2014, p. 3) maintains that:

Because accounting is a human activity (you cannot have 'accounting' without accountants), theories of financial accounting (and there are many) will consider such things as people's behaviour and/or people's needs as regards financial accounting information, or the reasons why people within organisations might elect to supply particular information to particular stakeholder groups.

Deegan (2017, p. 68) further states that CSD 'was - and still is - predominantly voluntary, this provided an ideal subject for much positivistic research'. Hence in Phase 3 (which is the third and last phase of this research exploring ASGI's accounting and accountability practices pertaining to palm oil use), there will be a shift from the normative research perspective (and theoretical framework) used for Phase 1 and Phase 2 (detailed in Chapters 3 and 4, respectively). It now moves to the positivist research perspective (and theoretical framework) within which the potential managerial motivations for providing palm oil use-related corporate governance disclosures (hereafter refer to as POUD) are examined.

In order to gain an in-depth understanding of such motivations for ASGI, Phase 3 utilises three complementary theories: legitimacy theory, stakeholder theory and institutional theory. These theories are viewed by many SEA researchers as the appropriate theories to understand the underlying managerial motivations for CSD. Stakeholder theory asserts that organisations will respond (including by way of disclosures) to the concerns and expectations of powerful stakeholders (Deegan & Blomquist 2006; Gray, Kouhy & Lavers 1995a; Mäkelä & Näsi 2010; Nasi et al. 1997; Roberts 1992; Ullmann 1985). Legitimacy theory suggests that organisations seek to be perceived by the community as legitimate and that CSD can be used by the organisations as a means of gaining, maintaining or regaining legitimacy (Deegan & Gordon 1996; Deegan, Rankin & Tobin 2002; Gray, Owen & Adams 1996; Islam & Deegan 2010; O'Donovan 2002).

Institutional theory proposes that organisations are impacted by the institutional environment (perhaps the industry) in which they operate. Institutional theory, therefore, provides a useful framework to explain how pressures emanating from social, political, and economic factors influence organisations' strategies and decision-making with respect to adopting 'legitimate' practices (DiMaggio & Powell 1983; Jennings & Zandbergen 1995; Scott 2008). In recent decades a number of published research has aimed to explain current CSD, and disclosures over time with insights from a joint consideration of stakeholder, legitimacy and institutional theories (for example, see Islam & Deegan 2008; Loh, Deegan & Inglis 2014).

According to Deegan (2009, 2014), stakeholder, legitimacy and institutional theories have their origins in the theoretical paradigm of political economy. Hence, adopting a joint consideration of these theories will provide us with overlapping and complementary insights, enabling us to embrace similar core assumptions for a particular phenomenon (such as what drives ASGI to provide POUD). Accordingly, this chapter starts with a description of the political economy theory before presenting an overview of these theories. The key justifications for the application of these theories will also be provided, followed by some concluding remarks.

5.2 Political economy theory

Gray, Adams and Owen (2014, p. 79) view political economy as a 'useful phrase that considers the way in which power and economic organisation work in a society and the influences that they have'. The political economy paradigm, in essence, is 'the social, political and economic framework within which human life takes place' (Gray, Owen & Adams 1996, p. 47). Gray, Owen and Adams (1996) suggest that the economic domain cannot be studied in isolation from the political, social and institutional frameworks in which the economic activities take place. Further, they see political economy, on one hand, as the power of society to exert pressure upon organisations to provide disclosure. On the other hand, they see political economy as the organisations' desire to utilise accounting information (particularly social and environmental accounting information) to gain or maintain their corporate legitimacy. Voluntary SEA disclosure made by organisations could be seen as primarily motivated by nothing more than to protect their own interests that are tied to making profits and wealth maximisation (Deegan 2014). Hence, by considering the political economy theory, researchers are able to consider broader (social and environmental) issues that influence how organisations operate and what information they decide to disclose.

The following section provides detailed discussions of stakeholder theory, legitimacy theory and institutional theory within the context of the political economy paradigm.

5.3 Stakeholder theory

There are two branches of stakeholder theory: the ethical/normative branch and the managerial branch⁶². As discussed earlier, the notion of accountability embraced in Chapter 4 (to prescribe *what and how* organisations *should* interact with their stakeholders) is consistent with the ethical branch of stakeholder theory. In this chapter the focus is on the managerial branch of stakeholder theory which has been widely used by SEA researchers (from the positivist perspective) to predict and explain how organisations *do* interact with their stakeholders. In the subsection that follows, a consideration of the definition on the term “stakeholder” is presented first before discussing the managerial branch of stakeholder theory.

5.3.1 Stakeholder - an overview of the definition

A broad array of literature exists with many definitions proposed for the term “stakeholder”. Freeman and Reed (1983, p. 91) have defined stakeholder as ‘an individual or group who can affect the achievement of an organisation’s objectives or who is affected by the achievement of an organisation’s objectives’. The authors also traced the origin of the term to an internal memorandum at Stanford Research Institute in 1963 where stakeholders were referred to as ‘those groups on which the organisation is dependent for its continued survival’ (Freeman & Reed 1983, p. 89). Carroll and Buchholtz (2009, p. 113) note that ‘a stakeholder is an individual or a group that claims to have one or more stakes in an organisation. Stakeholders may affect the organisation and, in turn be affected by the organisation's actions, policies, practices and decisions’. Clarkson (1995, p. 106) has asserted the following:

Stakeholders are persons or groups that have, or claim, ownership, rights, or interests in a corporation and its activities, past, present, or future. Such claimed rights or interests are the result of transactions with, or actions taken by, the corporation, and may be legal or moral, individual or collective. Stakeholders with similar interests, claims, or rights can be classified as belonging to the same group: employees, shareholders, customers, and so on.

⁶² For further discussions on the two branches of stakeholder theory, please refer to Deegan (2014).

Within the SEA literature, Gray, Adams and Owen (2014, p. 85) argue that an organisation has 'very many stakeholders including as diverse a range as employees, management, communities, society, the state, future generations and non-human life'. They claim this as an explicitly system-based view of the organisation and its environment. It is a view which recognises the dynamic and complex nature of the interplay between the organisation and its environment.

From these definitions, it can be seen that the concept of stakeholder is indeed very broad and, clearly, many individual and groups (and non-human life) can be classified as stakeholders if these definitions are applied. Adopting these definitions on stakeholder within the context of this research, it is argued that the sample organisations' stakeholders include not only current/existing (human) individual and groups, but the future generations and the natural capital (such as fauna and flora) that are impacted by their palm oil use-related business activities as well. As explained in Chapter 4, with the inability of various less-powerful stakeholders to 'voice' their rights and hold powerful organisations accountable, community-based IGs often assume the role of advancing such interests⁶³. That is, the rights of these stakeholder groups (including the rights to information on palm oil use-related sustainability issues) are often advanced by the community-based IGs who act as the surrogate stakeholders.

Clarkson (1995) proposed that it would be helpful to classify stakeholders into primary and secondary stakeholder groups. Clarkson (1995, p. 106) defines primary stakeholders as 'one without whose continuing participation the corporation cannot survive as a going concern'. These groups mainly include shareholders, customers, employees, suppliers, the government and the public at large. Likewise, these stakeholder groups are considered, in this thesis, as ASGI's the primary stakeholders.

Secondary stakeholders, on the other hand, are defined as 'those who influence or affect, or are influenced or affected by, the organisation, but are not engaged in transactions with the organisation and are not essential to its survival' (Clarkson 1995,

⁶³ Again, the term 'less powerful stakeholders' is used to address affected stakeholder groups that are 'weak' and 'voiceless' or 'silent', such as future generations the natural capital.

p. 107). Secondary stakeholder groups, therefore, include the community-based interest groups (IGs)/NGOs (the surrogate stakeholders), media, political groups and trade associations (Greenley et al. 2004). Although these stakeholder groups have neither contract with nor authority over the organisation, and the organisation does not depend on them for their survival, nonetheless if they were ignored, they can cause significant disruption to the organisation's continued operations (Clarkson 1995; Freeman 1984). The view taken herein is that IGs' initiatives (particularly, WWF and Zoos Victoria's awareness-raising initiatives) are able to bring adverse publicity and the subsequent public concerns on ASGI's "unacceptable" palm oil use practices. Correspondingly, ASGI will perceive a need to respond to public's concerns (surrogated by WWF and Zoos Victoria), via public disclosure, in order to win/gain or maintain their support and approval, or to divert their opposition and disapproval (Gray, Owen & Adams 1996; Ullmann 1985).

5.3.2 Stakeholder theory - the managerial branch

The managerial branch of stakeholder theory, alongside with legitimacy theory (to be discussed shortly) has been one of the most widely-employed theories in the SEA literature. Deegan (2002) asserts that stakeholder theory is considered to be a systems-oriented theory, and he claims that 'within a systems-oriented perspective, the entity is assumed to be influenced by, and in turn to have influenced upon, the society in which it operates' (p. 292). One central purpose of stakeholder theory is to enable organisations to understand each stakeholder group and manage them strategically. In this way, stakeholder theory is able to provide perspectives to Phase 3 in predicting/explaining when ASGI will be likely to attend to the expectations of powerful surrogate stakeholders.

An organisation does not respond to all of its stakeholders equally. Many stakeholder theorists have identified *power* - what Mitchell, Agle and Wood (1997) call "salience" - as a significant stakeholder attribute. That is, the ability of a particular stakeholder group to affect the direction of an organisation (Carroll & Buchholtz 2009; Frooman 1999; Mitchell, Agle & Wood 1997; Ullmann 1985). This extends to how far the organisation thinks its interests can be furthered by managing the group (Gray 2010). Hence, an organisation will react to the demands of those stakeholder groups that are

perceived to be *powerful stakeholders* (Bailey, Harte & Sugden 2000; Ullmann 1985). This is consistent with Freeman's (1984) framework that strategies for stakeholder management start if management perceives a particular stakeholder group is able to pose a threat to the organisational activities.

According to a number of researchers, for example Friedman and Miles (2002), Gray, Adams and Owen (2014) and Ullman (1985), the more *important* the stakeholder is to the organisation, the more effort will be put in place to manage that relationship. In a similar way, Deegan (2014, p. 376) assert that:

Within the descriptive managerial branch of stakeholder theory the organisation is considered to be part of the wider social system, but this perspective of stakeholder theory specifically considers the different stakeholder groups within society and how they should best be managed if the organisation is to survive.

A stakeholder's power to influence an organisation, as explained by Ullmann (1985), is viewed as a function of the stakeholder's control over resources required by the organisation for continued existence and success. In essence, the more important to the organisation are the respective stakeholders' resources/supports, the greater the probability that particular stakeholder groups' demands will be integrated into the organisation's operations. In this regard, Deegan (2014, p. 377) stressed that:

Power in itself will be stakeholder-organisation specific, but may be tied to such things as command of limited resources (finance, labour), access to influential media, ability to legislate against the organisation or ability to influence the consumption of the organisation's goods and services. The behaviour of various stakeholder groups is considered a constraint on the strategy that is developed by management to match corporate resources as best it can with its environment.

Organisations are constantly seeking ways to manage new and emerging issues with their stakeholders while attempting to evaluate the extent of the *power* of these stakeholders, including external influences such as consumers, society, and environmentalists (Roberts 1992). It is, therefore, crucial for organisations to not only gain continual support and/or approval of stakeholders, but for their activities to be adjusted to advance that approval. One organisational activity may relate to the

provision of information about their palm oil use-related governance policies. From this perspective, POUD provided by ASGI will be directly related to the demands of particular stakeholder groups.

In the SEA literature, a considerable amount of research, supported by empirical observation, proposes that CSD has been successfully exploited by organisations to negotiate their relationships with stakeholders (see, for example Deegan & Blomquist 2006; Gray, Kouhy & Lavers 1995a; Gray, Owen & Adams 1996; Islam & Deegan 2008; Roberts 1992). Hence, stakeholder theory supports a proposition that ASGI's POUD is provided to gain or maintain support of stakeholders essential for their existence. As noted by Gray, Adams and Owen (2014, p. 85):

Information - including financial accounting and social accounting - is a major element that can be deployed by the organisation to manage (or manipulate) the stakeholder in order to gain their support and approval (or to distract their opposition and disapproval). It is quite possible to interpret a proportion of social accounting and disclosure as commensurate with an organisation operating in accordance with stakeholder theory.

In sum, stakeholder theory is relevant to this phase of the research as it provides perspectives that explain how ASGI's POUD may be influenced by the powerful surrogate stakeholders - the IGs (in this case WWF and Zoos Victoria). Relatedly, if the managers of ASGI perceive WWF and Zoos Victoria as powerful surrogate stakeholders, then ASGI may feel a need to react to the expectations of IGs. Conversely, if WWF and Zoos Victoria are not deemed to be powerful surrogate stakeholders, then their concerns may be ignored in favour of other more powerful stakeholder groups such as, perhaps, the shareholders.

5.4 Legitimacy theory

Within the SEA literature, it is apparent that legitimacy theory has become a commonly used philosophical theory from the mid-1990s onward (Bebbington, Larrinaga & Moneva 2008b; Owen 2008). Some SEA researchers like Gray, Kouhy and Lavers (1995a) and Deegan and Blomquist (2006) contend there is a great deal of overlap between legitimacy theory and the managerial branch of stakeholder theory. In this

sense it would be wrong to treat them as two “competing” theories. Legitimacy theory is also seen as overlapping with institutional theory or/and political economy theory (Deegan 2012).

Legitimacy theory, like a number of other theories within the political economy paradigm, is considered to be a systems-oriented theory that conceptualises the organisation as part of a broader system wherein the organisation impacts, and is impacted by, other groups within the society. Gray, Owen and Adams (1996, p. 45) assert that ‘a systems-oriented view of the organisation and society [...] permits us to focus on the role of information and disclosure in the relationship(s) between organisations, the State, individuals and groups’. Consistent with this view, and according to Deegan (2002), corporate disclosure policies are deemed to represent an important tool by which management can influence external perceptions about their organisations. Deegan (2014) builds on this perspective to suggest that the audience of interest is typically defined as the society.

Legitimacy theory assumes that corporate disclosures, inclusive of CSD, are provided as a result of a *reaction* to external factors; and these factors may include economic, social or political (since legitimacy theory, as discussed a moment ago, is sitting within the political economy paradigm) (Parker, Guthrie & Gray 1998). Given that legitimacy theory is able to explain the ASGI’s disclosure practices pertaining to palm oil use, it is necessary to understand the perspective of legitimacy and the premises of legitimacy theory.

5.4.1 Legitimacy and the notion of social contract

Legitimacy, as defined by Lindblom (1994, p. 2), is:

[...] a condition or status which exists when an entity’s value system is congruent with the value system of the larger social system of which the entity is a part. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity’s legitimacy.

Hence, the central tenet of legitimacy theory is that corporate legitimacy and social expectations are inter-related. Consistent with this view, a number of SEA researchers

(Deegan & Rankin 1996; Guthrie & Parker 1989; O'Donovan 2002; Patten 1992, among others) have suggested that organisations are constrained to act in compliance with the terms of their "social contract". Social contract, is explained by Donaldson (1982) as the multitude of explicit and implicit expectations that society has about how the organisations should conduct their operations. As stated by Deegan (2002, p. 292):

Consistent with the view that organisations are part of a broader social system, the perspectives provided by legitimacy theory (which, as stated, build on foundations provided by political economy theory) indicate that organisations are not considered to have any inherent right to resources, or in fact, to exist. Organisations exist to the extent that the particular society considers that they are legitimate, and if this is the case, the society "confers" upon the organisation the "state" of legitimacy.

Hence, ASGI is considered to be legitimate if there is congruence between the social values inherent (or implied) within their operations, and the norms of acceptable behaviour in the larger social system of which it is a part (Dowling & Pfeffer 1975). This view, which is derived from the notion of social contract, further suggests that an organisation agrees to implement various socially desired actions (implied within the social contract) in return for approval of its objectives, other rewards and its eventual survival. Accordingly, an understanding of the broader concerns of society expressed in community expectations becomes a necessary precondition for an organisation's survival. In considering community expectations, Newson and Deegan (2002) further argue that organisations operating solely within a particular location (for example, within one country) must respond to the expectations of people within that location, whereas organisations operating globally must respond to global expectations if they are to succeed. The sample organisations in this research operate within Australia and they are expected to understand and respond accordingly to the (changing) expectations of the country's community.

5.4.2 Legitimacy gaps, threats to legitimacy and legitimising strategies

Lindblom (1994) also differentiates legitimation from legitimacy, arguing that legitimation is the process that leads to an organisation being adjudged legitimate. She further explains that an organisation's legitimate behaviour at one point of time

might become illegitimate in a subsequent period. In this regard, Islam and Deegan (2008) suggest that the legitimation process is a continuous one because new events or incidents that threaten the legitimacy of an organisation can arise, or past legitimacy threatening events can recur. An organisation's failure to comply with societal norms (that is, failure to comply with the terms of the social contract), will effectively lead to society revoking the organisation's "contract" to continue its operations. As indicated by Deegan (2002, p. 293), 'this might be evidenced through, for example, consumers refusing or eliminating the demand for the products of the business, factor suppliers eliminating the supply of labour and financial capital to the business, or constituents lobbying government for increased taxes, fines or laws to prohibit those actions which do not conform with the expectations of the community'.

Legitimacy gaps, which could arise for many reasons, were usefully summarised by Sethi (1977). Sethi (1977) identified two main sources of legitimacy gaps. First, societal expectations may change, which can lead to a discrepancy arising even though an organisation may not have altered its practices. O'Donovan (2002, p. 348), built on this perspective to suggest that this may happen to an organisation because:

- (1) of a change in the composition of its conferring public⁶⁴;
- (2) its conferring publics' values alter because of:
 - evolving social awareness (Elsbach and Sutton 1992);
 - regulatory or institutional pressures (Deegan and Gordon 1996);
 - media influences (Ader 1995);
 - interest group pressures (Tilt 1994);
 - corporate crises (Marcus and Goodman 1991).

Second, according to Sethi, legitimacy gaps occur when previously unknown information about an organisation becomes known, perhaps through publicly available news media or activities of activist groups. In this regards, Sethi (1977, p. 301) uses the term "organisational shadows" and state that:

⁶⁴ The conferring public has been defined by O'Donovan as those who have the necessary stakeholder attributes to confer or withdraw an organisation's legitimacy.

The potential body of information about the corporation that is unavailable to the public - the corporate shadow (Bowles, 1991) - stands as a constant potential threat to a corporation's legitimacy. When part of the organisational shadow is revealed, either accidentally or through the activities of an activist group or a journalist, a legitimacy gap may be created.

A widening gap will cause an organisation to lose its legitimacy and will pose "threats" to its survival. For example, heightened community expectations on the use and labelling of sustainable palm oil. Hence, management of ASGI is assumed, consistent with the legitimacy theory perspective, to maintain its awareness of any changes in society's expectations on palm oil use-related practices and respond accordingly. When ASGI perceives that it has operated in a manner that is contrary to the (changing) society's expectations (that is, when legitimacy threats arise), various "legitimising strategies" will be employed to minimise the impacts of such legitimacy threats. Organisations must not only do what is expected, but they will also need to inform society about their activities and changes therein (Deegan & Blomquist 2006).

Legitimising strategies, which often rely upon the public disclosure of information, were summarised (building on the work by Dowling and Pfeffer (1975)) by Lindblom (1994) into four options of action, that is, an organisation can seek to:

- (1) educate and inform its "relevant publics" about (actual) changes in the organisation's performance and activities;
- (2) change the perceptions of the "relevant publics" - but not change its actual behaviour;
- (3) manipulate perceptions by deflecting attention from the issue of concern to other related issues through an appeal to, for example, emotive symbols; or
- (4) change external expectations of its performance.

A considerable amount of empirical research within the SEA literature indicates that public disclosure of information can be employed by organisations to implement any of the above legitimising strategies (see, for example Deegan & Blomquist 2006; Deegan, Rankin & Tobin 2002; Deegan, Rankin & Voght 2000; Guthrie & Parker 1989; O'Donovan 2002; Patten 1992, 2002; Tilt 1994; Wilmshurst & Frost 2000). As listed by Deegan and Blomquist (2006, p. 347):

A firm may provide information to counter or offset negatives news that may be publicly available through the news media. Alternatively, an organisation might disclose information to inform the interested parties about favourable attributes of the organisation that were previously unknown. Further, organisation may draw attention to strengths, for instance environmental awards won, or recycling initiatives that have been implemented, while down-playing or neglecting information concerning unfavourable implications of their activities, such as pollution or workplace accidents.

In this study, the release of WWF's bi-annual scorecards and Zoos Victoria's Don't Palm Us Off campaign may be perceived by the managers as legitimacy threats given (part of the) information about their unsustainable palm oil use-related practices (including their labelling policies with regards to palm oil use), that is previously unavailable to the public, is being revealed. These IGs' awareness-raising initiatives may subsequently lead to a potential backlash such as consumers' boycott of business and the federal government's decision to mandate palm oil labelling in Australia.

Therefore, to counter the possible damage resulting from significant legitimacy threats, ASGI will adopt 'suitable' disclosure options in an endeavour to inform the community about the (actual) changes within the organisations' performance and activities. For example, disclosures on governance policies that are in place within their operations. Conversely, any disclosures which will potentially pose 'threats' to the organisations' survival, such as disclosures on governance policies that are not in place within their operations, will be excluded from the reports. That is, SEA will be used strategically by ASGI as legitimising strategies in order to maintain or increase its perceptions of legitimacy within the society in which it operates.

5.5 Institutional theory

Another system-oriented theory, which has a close relationship with both stakeholder theory and legitimacy theory (Gray, Adams & Owen 2014), embraced in Phase 3 is institutional theory. Institutional theory operates across several fields in the social sciences and its explanatory power has been put to test in various scenarios, including political economy (Campbell & Pedersen 2001). In the SEA literature, there appears

to be an emerging trend of empirical research that has utilised the premises within institutional theory to examine and explain how institutionalised norms and pressures affect organisations' behaviour and associated disclosures (see, for example Bebbington, Higgins & Frame 2009; Laine 2009; O'Neill, McDonald & Deegan 2015; Tuttle & Dillard 2007).

Institutional theory is used in this phase of the research to understand the relationship between the institutional environment and ASGI's behaviour. As will be explained shortly, institutional theory provides a broad insight/understanding on the societal influences and other institutional factors which may impact ASGI's POUD practices. A discussion on the premises within institutional theory proposed by the institutional theorists which include the concept of institution, the concept of organisational legitimacy and isomorphic pressures follows.

5.5.1 The Concept of institution

Institutional theory asserts that organisational activities, such as their output, methods and processes, are restricted by both implicit and explicit external pressures (DiMaggio & Powell 1983; Pfeffer & Salancik 1978; Zuckerman 1999). For example, these include expectations generated from social interactions between social actors, or expectations set by government or relevant associations. Accordingly, organisations need to be responsive to both their market environment and their institutional environment. Institutional theorists assert that the institutional environment can strongly influence the development of formal structures in an organisation, often more profoundly than market pressures (DiMaggio & Powell 1983; Meyer & Rowan 1977). SEA, and thus CSD, is viewed as an organisational practise undertaken within a broader institutional environment.

Scott (2008) asserts that an 'organisation' is an institutionalised form reflecting not only the technical necessities required to efficiently function but also the cultural rules and beliefs operating within the social environments at that time. According to Scott's (2008, p. 48) definition:

Institutions are comprised of regulative, normative and cultural-cognitive elements that, together with associated activities and resources, provide stability and meaning to social life.

The regulative, normative and cultural-cognitive elements (widely known as “pillars” of institutions), serve as the central elements of institutions. The regulative element involves rules, laws and associated sanctions. This element is maintained through various “coercive” mechanisms, many of which are enforced by government and powerful constituents that organisations are dependent upon (DiMaggio & Powell 1983). Hence, from the regulative perspective, legal obligation (such as potential regulative force on palm oil labelling in Australia) may be the driver for compliance. The normative element incorporates values and norms reflecting certain social obligations or expectations. That is, this element encompasses uniformity with societal values - the ethical/moral thing/way to do - such as conservation of natural capital. How people within the organisations interpret these expectations will in turn be influenced by rule-of-thumb, professional endorsement, standard procedures, accreditations and formal education (DiMaggio & Powell 1983).

The cultural-cognitive element, in contrast, relies upon shared perceptions - cultural rules and frameworks - that constitute the nature of social reality through which meaning is made (Scott 1995). It embodies the ‘taken-for-granted assumptions at the core of social action’ (Zucker 1987, p. 443), and organisations will often comply with them without conscious (taken-for-granted) thought (Zucker 1983). Cultures and beliefs are diffused as ‘this is the way how these things are done’ or ‘this is the way that other legitimate parties are doing it’ (Scott 2008, p. 125) so that doing otherwise effectively becomes unacceptable or irrational. Hence, the need for change (or resistant for change) becomes internalised by institutional members and is deemed to be culturally supported.

In short, the three institutional elements collectively move the acceptability of certain practices/structures from the legally-enforced to the taken-for-granted, and from the conscious to the unconscious (Hoffman 2001). Organisation’s compliance with these elements is deemed by institutional theorists to (re)establish/maintain organisational legitimacy.

It is apparent that multiple institutions are exerting pressures on ASGI to use sustainably-sourced palm oil. For example, ASGI is facing regulative pressure (potential legislation on palm oil labelling) and normative pressure (industry-led initiative, such as the establishment of RSPO and palm oil from sustainable plantations). ASGI may face coercive pressures from constituents/stakeholders if their actions do not meet public approval. Consequently, ASGI may be likely to provide corporate public disclosures (among other reasons) to (re)establish legitimacy and in response to pressure from institutional constituents.

Organisational legitimacy will now be considered in a little more depth in the following subsection.

5.5.2 Organisational legitimacy and isomorphism

Again, institutional theory asserts that organisational actions are restricted by various external pressures. Hence, organisations must be responsive to external expectations (what Zuckerman termed as “institutionalised” expectations) to maintain/enhance organisational legitimacy (Meyer & Rowan 1977; Pfeffer & Salancik 1978). Organisational legitimacy is a key concept of institutional theory wherein the legitimacy of an organisation is conferred by the institutional constituents/stakeholders. The three institutional elements (regulative, normative and cultural-cognitive elements discussed above) provide a foundation from which legitimacy can be derived. As asserted by Scott (1995, p. 45), legitimacy is:

[A] condition reflecting cultural alignment, normative support, or consonance with relevant rules or laws.

To achieve legitimacy, organisations will change their structures or operations to conform to external expectations about what forms or structures are acceptable, especially those practices being regarded as highly legitimate. For example, in this case, being a member to RSPO may be deemed as an acceptable practice⁶⁵. Hence, all the sample organisations joined RSPO (Woolworths and Wesfarmers joined the RSPO in 2010 and Metcash in 2011).

⁶⁵ As noted in Chapter 4, being a member to RSPO is seemed by IGs as a key indicator of commitment to use sustainably-sourced palm oil.

Subsequently, organisations operating within the same context or environment will “look similar” as they adopt similar structures, which as suggested by DiMaggio and Powell (1983), might not necessarily make them more efficient. DiMaggio and Powell (1983) further note that modern organisations are resembling one another and this can best be explained by the concept of isomorphism. As stated by DiMaggio and Powell (1983, p. 149):

The concept that best captures the process of homogenisation is isomorphism. In Hawley’s (1968) description, isomorphism is a constraining process that forces one unit in a population to resemble other units that face the same set of environmental conditions.

Such process “coerces” organisations to adopt structures which are perceived to be highly legitimate status symbols. For example, according to Deegan (2002, pp. 293-294):

[B]ecause the majority of other organisations in an industry might have particular governance structures there might be “institutional” pressure on an organisation to also have such structures in place. That is, there is expected to be some form of movement towards conformance with other “established” organisations. Failure to undertake this process leading to congruence, which is referred to as “isomorphism” (DiMaggio and Powell, 1983, p. 149), has direct implications for an entity’s survival.

Institutional theory explains how organisations may adopt CSD due to isomorphic pressures. Within the global palm oil industry, IGs - via their initiatives to provide various governance policies - have “coerced” ASGI to disclose information on various governance policies they would expect to see within palm oil users. For example, as reported in Chapter 4, all the sample organisations disclosed their membership with the RSPO in their corporate public reports. DiMaggio and Powell (1983) further note that there are three primary mechanisms that are responsible for isomorphism, namely coercive, mimetic, and normative. Each of these is briefly discussed below.

5.5.2.1 Coercive Isomorphism

Coercive isomorphism becomes apparent when organisations are vulnerable to societal and cultural influences within the broader systems in which they operate. Coercive isomorphism, as explained by DiMaggio and Powell (1983), refers to the similarity in organisations which is driven by their need to conform to pressures exerted by regulators or powerful constituents in order to gain organisational legitimacy in society. As stated by Tuttle and Dillard (2007, p. 393):

Change is imposed by an external source such as a powerful constituent (e.g., customer, supplier, competitor), government regulation, certification body, politically powerful referent groups, or a powerful stakeholder. The primary motivator is conformance to the demands of powerful constituents and stems from a desire for legitimacy as reflected in the political influences exerted by other members of the organisational field. These influences may be formal or informal and may include persuasion as well as invitations to collude.

This study identifies constituents - IGs (both global and national) and consumers - as placing coercive pressures on ASGI to address governance issues about sustainable palm oil use. It is subsequently observed that changes in corporate public disclosures have been undertaken in response to threats and potential boycotts.

Equally, Meyer and Rowan (1977) view that organisations are conforming to the social expectations and norms since there appears to be an implicit “social contract” between organisations and the broader social context. Organisational legitimacy - which enhances the organisation’s survival prospects - is the outcome for compliance with the “social contract” (Meyer & Rowan 1977). Hence, Meyer and Rowan (1977) note that organisations’ need for legitimacy drives organisations to embrace socially appropriate practices and policies. DiMaggio and Powell (1983) further assert that coercive isomorphism arises as a function of dependencies, among organisations, on much-needed critical resources. Coercive pressures are exerted upon organisations by other more dominant organisations upon which they find themselves dependent. Hence, organisations strive to become isomorphic with the policies, mandates and beliefs of the dominant organisations.

5.5.2.2 Mimetic Isomorphism

According to DiMaggio and Powell (1983), mimetic isomorphism occurs when structures within organisations operating in the same field begin to resemble one another as a result of what DiMaggio and Powell (1983) termed as 'standard responses to uncertainty'. Organisations look to other similarly sized organisations that are deemed successful and legitimate, as a reference for how things should be done. The presence of "successful" organisations is a predictive factor of mimicry within an organisational population. These "successful" organisations stand as the structural agents of mimicry. Mimetic behaviour can occur explicitly through the use of consultants and/or trade associations, or through transfer of personnel. Gradually, specific organisational features are adopted at an increasing rate by many similar organisations within the same field.

Consistently, (Tuttle & Dillard 2007) argue that organisational change, though voluntary, is associated with one organisation replicating the practices of another. They further stated that Tuttle and Dillard (2007, pp. 392-393):

Mimetic pressures include benchmarking and identifying of best practices and leading players in the field. Mimetic isomorphism occurs when the processes motivated by these pressures become institutionalised so that copying continues because of its institutional acceptance rather than its competitive necessity.

5.5.2.3 Normative Isomorphism

The notion of normative isomorphism, according to DiMaggio and Powell (1983) relates to the adoption of norms and institutional practices of organisational and professional bodies, via standardised training and/or personnel transfer. For example, the sustainable palm oil use practices of the sample organisations are not determined by the managers of the respective organisations. Rather, the standards and expectations of the IGs - the surrogate stakeholders - who have a specific interest in reducing the environmental impact derive from the issue of palm oil use. Normative pressures represent organisational actions motivated by a sense of 'doing the right thing'. Conformity to institutional norms leads to normative legitimacy. Public disclosures may also be motivated by organisations believing that 'it is the right thing

to do it' (normative pressure). A combination of coercive, mimetic and normative pressures may be in effect at any given time that force organisations to conform to the expectations and demands of their environment (Tuttle & Dillard 2007). All the three examples of isomorphism indicate that institutions are important because they are able to enforce restrictions on the behaviour of societal and political actors.

5.5.3 Homogeneity and heterogeneity

Institutional theory has traditionally been used to explain similarity in a given population or field of organisations (Palthe 2014). Recent institutional developments have called for a shift in attention (but not an abandonment of attention) from isomorphism to heterogeneity (Lounsbury 2008). Multiple institutions are often known to exist within a field or environment, such as financial and non-financial resource providers, regulators, professional bodies and trade unions. The interests, authority and powers of these institutions will vary and change over time. Any of these 'social actors' could impose regulative, normative or cultural-cognitive influences over a focal organisation.

Multiple institutional demands may create potentially conflicting institutional expectations. According to Lounsbury (2008), when existing institutions are potentially contradictory, there are seemingly multiple rational choices available to organisations. Therefore, within the same field, organisations may face multiple institutional expectations and will respond to the institutional demands differently. In the case of ASGI, there are three key players within the industry - Woolworths, Wesfarmers and Metcash (a largely ignored market leader within ASGI). The study takes the view that the institutions (the IGs and perhaps the media) will exert greater pressures on Woolworths and Wesfarmers - the duopoly within ASGI - than Metcash as they are more influential than Metcash. Accordingly, the managers of each organisation will adopt different attitudes and disclosure responses to the institutional demands differently.

To summarise, institutional theory provides SEA researchers with rich perspectives when explaining SEA phenomenon, such as: how institutions are diffused; how institutions lose legitimacy; and how the interplay of agency (power) and interests of

various institutional constituents contributes to the processes of institutionalisation. More specifically, this theory will provide rich insights into how institutionalised norms and pressures exerted upon ASGI may (or may not) affect the accounting and accountability practices of organisations operating within ASGI.

5.6 Justification of the theories adopted in Phase 3

As stated earlier, stakeholder theory, legitimacy theory and institutional theory are all systems-oriented theories originating from the political economy paradigm. These theories have been employed by numerous SEA researchers to explain how CSD responds to pressures exerted by particular powerful stakeholder groups and/or community. Hence, as has already been emphasised, this phase of the thesis treats stakeholder theory, legitimacy theory and institutional theory as largely overlapping ones that provide consistent but slightly different insights (as will be discussed below) into the factors that motivate managerial behaviour.

Legitimacy - a much needed resource by organisations for their ultimate survival within the dynamic society - is central to both legitimacy and institutional theory. Under legitimacy theory, organisations will conform to expectations to appear legitimate in the society in which they operate. Similarly, institutional theory asserts that organisations will change their structure to incorporate institutionalised (legitimate) norms and rules. As noted by Suchman (1995, p. 576):

Legitimacy and institutionalisation are virtually synonymous. Both phenomena empower organisations primarily by making them seem natural and meaningful.

The notion of coercive isomorphism asserted within institutional theory shares a common perspective with stakeholder theory. Institutional theory suggests that an organisation is coerced into a particular form or practice by its powerful stakeholder groups. Similarly, stakeholder theory asserts how powerful stakeholders are able to exert pressures or “coercions” on an organisation to incorporate their demands and expectations within its operations. Slightly different insights are evident for these theories. Institutional theory views organisations as embedded in an external environment in which the existence of institutions external to the organisations, such

as laws, regulations and norms influence the structure and practices of the organisations. Stakeholder theory, conversely, perceives that organisations act in response to powerful stakeholders for resources that are essential for their survival.

Both the managerial branch of stakeholder theory and legitimacy theory suggest that organisations will respond to the demands and expectations of external stakeholders for their ultimate survival. Differences between these theories are essentially related to the issues of resolution, with stakeholder theory centring on how an organisation interacts with particular stakeholders whilst legitimacy theory considers interactions with “society” as a whole. That is, stakeholder theory provides a more refined resolution by referring to particular groups within the society - the stakeholder groups. Legitimacy theory, on the contrary, discusses the expectations of society in general (as embraced with the notion of social contract) and therefore considers a broader perspective (i.e. the average expectations of all stakeholder groups in a society) than that of stakeholder theory in explaining organisational practices. As indicated by Deegan and Blomquist (2006):

Essentially, stakeholder theory accepts that because different stakeholder groups will have different views about how an organisation should conduct its operation, there will be various social contracts “negotiated” with different stakeholder groups, rather than one contract with society in general. Whilst implied within legitimacy theory, stakeholder theory explicitly refers to issues of stakeholder power, and how a stakeholder’s relative power impacts their ability to “coerce” the organisation into complying with the stakeholder’s expectations.

Previous SEA research adopting these theories suggests that organisations operating in various industries respond to the expectations of stakeholder groups specifically. More generally they respond to the expectations of the broader community in which they operate, through the provision of social and environmental disclosures within their publicly available reports. While prior research contends that the disclosure strategy of organisations is brought on by a crisis of external expectations and pressures, little can be foretold about the behaviour of supermarket industry ‘players’, with their sourcing activities related to the conservation of natural capital. In this regard, this thesis investigates whether and how the disclosure behaviour of a major industry in

Australia - in this case the ASGI - responds to external pressures (expectations of broader stakeholder groups) exerted on it in relation to the environmental performance within corporate supply chains.

5.7 Conclusion

This chapter discusses the positivist theoretical perspectives applied in Phase 3 to explain ASGI's motives for POUD. The positivist theoretical perspectives presented in the chapter include the managerial branch of stakeholder theory, legitimacy theory and institutional theory. While the details of these theories have been provided in this chapter, their specific application will be detailed more fully in Chapters 6.

CHAPTER SIX. PHASE THREE: ASGI'S MOTIVES FOR THE DISCLOSURE OF INFORMATION ABOUT PALM OIL USE-RELATED CORPORATE GOVERNANCE PRACTICES

6.1 Introduction

This chapter is the third and the last phase of a broader research examining the issue of supermarkets' accountability pertaining to palm oil use. The previous chapters outlined how oil palm forest proliferation has had a deleterious impact on various significant and irreplaceable ecosystems, and how various governance policies exist which, if properly utilised, can improve the sustainability of palm oil use activities. Business organisations, such as supermarkets, do arguably owe a great deal of accountability to interested stakeholders in terms of efforts undertaken to ensure the sustainable use of palm oil in their products.

In Chapter 4 (Phase 2 of this research), the researcher embraced a normative perspective and assessed the accountability being demonstrated by ASGI against a list of 13 desired/expected disclosure issues (captured within the Scorecard for Sustainable Palm Oil Use (SSPOU) - a validated index of palm oil use-related corporate governance policies developed for this very specific area of disclosure). The results suggest that ASGI does not embrace a reasonable level of accountability. Improvements in ASGI's accountability are, therefore, argued as being very necessary.

Improved accountability will improve interested stakeholders' ability to determine the seriousness with which various governance policies are being addressed. Such information is important in enabling various stakeholders to make informed decisions about which organisations to ultimately support. The view often being that information provides power to the stakeholders in enabling them to differentiate between organisations (Haque, Deegan & Inglis 2016). Further, palm oil growers' commitments to sustainable plantations related directly to the market for sustainable palm oil (Net Balance Foundation 2013; RSPO 2014b). Hence, palm oil users' complementary roles, via increased accountability (and responsibility), are arguably as essential in

transforming the market and making sustainable palm oil the norm - a situation that contributes to global economic development⁶⁶ and the conservation of natural capital.

Any moves to increase public disclosures (and therefore accountability) of ASGI, firstly, need to consider the reasons that might motivate ASGI to provide (or otherwise) palm oil use-related corporate governance disclosures (hereafter referred to as POUD). If the reasons for non-disclosure are known, then addressing these reasons directly may assist quests to improve ASGI's accountability. Hence, the primary aim of Phase 3 is to understand and explain ASGI's potential motives for POUD.

To achieve the above aim, content analysis is used to examine ASGI's current POUD, and changes in POUD across time. The comprehensive 'best practice' disclosure index (SSPOU) developed in Chapter 4 will again be used as the disclosure index in an attempt to investigate ASGI's potential motivations to voluntarily and publicly report on POUD⁶⁷. The insights from stakeholder theory, legitimacy theory and institutional theory are considered to explain why the POUD being made by ASGI deviates from what the researcher construed as being appropriate to demonstrate a sound level of accountability (with the 'appropriate levels' of disclosure being determined through the use of the accountability model embraced within this thesis). With the results in mind, a number of practical initiatives that could be developed to improve the accountability of ASGI are identified.

Accordingly, the two broad research questions proposed for Phase 3 of this broader research (which are RQ5 and RQ6 of this thesis) are:

RQ5. *What are the changing trends, if any, of POUD within ASGI organisations in the last decade (i.e. 2008 to 2017 inclusive)?*

⁶⁶ As discussed in Chapter 2, being a versatile, inexpensive and extremely efficient crop to produce, palm oil supports affordable food prices. Indeed, it is used in 50 per cent of all packaged supermarket products. Currently, there is simply no economically attractive replacement for palm oil.

⁶⁷ As discussed in Chapter 4, collectively, various IGs are not only expecting to see the thirteen specific sustainable palm oil use-related commitments and policies (as they are reflected in the SSPOU) to be in place within the organisations, IGs are also expecting palm oil users to make public disclosures on these issues. Nonetheless, the researcher acknowledges that the POUD provided by the ASGI are not limited to the thirteen specific issues only. In other words, in this chapter, the term "POUD" refers to any sustainable palm oil use-related corporate governance disclosures made by ASGI, inclusive of the thirteen specific issues captured in the SSPOU.

RQ6. *What are some underlying reasons that appear to motivate ASGI organisations to provide POUD?*

Phase 3 contributes to the SEA literature as it provides insights into managerial motives for disclosure of information with respect to the use of one of the greatest forest risk commodities, palm oil. It is a subject that has heightened the concerns of IGs, communities and industries (as discussed in Chapter 2). Phase 3 also contributes to the limited amount of research with regard to the influence (for example, corporate disclosure practices) IGs (the surrogate stakeholders) - via scoring initiative, campaign and petition - have in relation to the supply chains of businesses sourcing from overseas.

The rest of this chapter is structured as follows. Section 6.2 provides an overview of prior research on IGs as a source of influence on corporate social and environmental performance and associated accountability/disclosure practices. Following this, Section 6.3 provides information about WWF and Zoos Victoria's initiatives targeting explicitly at ASGI - the contextual background of this study⁶⁸. The decade 2008-2017 was one where WWF and ZV emerged as two highly visible IGs advocating in ensuring the use of sustainable palm oil in Australia. Section 6.4 presents the theoretical perspectives applied in this chapter, including the development of propositions. The research method employed will then be described in Section 6.5, before presenting the results of ASGI's POUD analysis (Section 6.6). Section 6.7 provides the concluding comments and discusses some implications that flow from the chapter's findings. This is followed by some suggestions for future research.

6.2 Prior research

Within the SEA literature, limited studies have investigated IGs' role in influencing corporate social and environmental disclosures (see only, Deegan & Blomquist 2006;

⁶⁸ As suggested by the results from Chapter 4, the sample organisations (via their own publicly available disclosure avenues) appeared to provide information on governance policies, although not comprehensive and at varying degree, that are expected by WWF and ZV. Hence, this study argues that insights on these IGs' initiatives and the subsequent pressures they exerted on the industry are important in understanding ASGI's potential motives for POUD.

Deegan & Islam 2014; Islam & van Staden 2018; Tilt 1994). Tilt (1994) is the first known empirical study to introduce IGs as a source of influence on corporate social disclosure policies and practices into the SEA literature. She examines the IGs in Australia that have a general interest in corporate social and environmental disclosure⁶⁹, with environmental groups being the key participants (80.8 per cent). Her findings concluded that virtually all IGs attempt to exert some form of influence on corporate disclosure practices, either directly or indirectly.

Deegan and Blomquist's (2006) case study research further substantiated Tilt's findings by seeking the views of corporate management about how and indeed whether they respond to pressures (expectations) put on them by particular interest groups. More specifically, their study explores the influence one initiative of the WWF Australia had - which involved WWF developing an instrument that enabled it to "score" the environmental reports of mining companies - on the environmental reporting practices of the Australian Minerals Industry. The participants (senior executives of individual mining companies) from the interview-based study confirmed that, from their perspectives, IGs' expectation is a factor that influences corporate disclosure practices. Deegan and Blomquist (2006) explain their findings on corporate reaction through the insights provided by a joint consideration of legitimacy theory and stakeholder theory. That is, corporate reaction is driven by the demands of powerful stakeholder (WWF) and perceived legitimacy threat (WWF's scorecard that scored their environmental reports).

More recent SEA studies explore the influence of IGs on the social performance and associated accountability of businesses operating within corporate supply chains that are connected with international trade. For example, Deegan and Islam (2014) examine the joint and complementary roles of social and environmental non-governmental organisations (NGOs) and news media in an endeavour to create changes in the social performance and associated accountability practices in a developing nation, Bangladesh. Bangladesh is an emerging market economy that produces goods for large high profile multinational buying and retailing organisations.

⁶⁹ IGs with highly specific interests (i.e. bird-watchers, geologists, etc.) were eliminated.

They explicitly seek the views of senior officers from global and local NGOs operating in Bangladesh, as well as the views of journalists from major global and local news media companies. Their study suggests that social and environmental NGOs strategically use the media as a tool to ultimately improve corporate social accountabilities associated with the activities of organisations within corporate supply chains.

Islam and van Staden (2018) explore the comprehensiveness of corporate supply chain disclosures in relation to the use of conflict minerals on a sample of global electronic reliant companies from 20 countries. Given the disclosure regulations in place (the Dodd-Frank Act, which became legislation in the United States in 2010), their study examines how the sample companies' collaboration with social movement NGOs and activist protests against the sample companies will influence the comprehensiveness of their conflict mineral disclosures. The evidence included in their study suggests that while the regulations influence disclosure (minimum disclosure), the variations of extent and comprehensiveness of disclosure by the sample companies cannot simply be explained by regulation but the actions of social movements. That is, collaboration with NGOs (as social movement organisations) and activist protestors leads to more comprehensive, and therefore more transparent, disclosures. Their study contends that social movements, including public support, play a role in creating a new environment where regulators and companies respond.

Prior research has led to the identification of IGs, via different initiatives/strategies, as a source of pressure upon corporate behaviours and associated disclosure practices⁷⁰. As stated by Deegan and Islam (2014, p. 411):

[R]esearchers investigating the stimuli for corporate social disclosure policies of companies operating in, or sourcing products from, developing countries would be well advised to incorporate NGO activities and agendas, and changes therein, in any efforts to explain corporate social reporting practices and trends.

Nonetheless, the previous studies did not take into account institutional factors while examining IGs' influence on corporate disclosure practices. This study makes a

⁷⁰ Further direct implications/relevance of these prior studies to Phase 3 will be discussed shortly.

contribution in this setting by examining these factors together. Deegan and Islam (2014) examine IGs' influence on corporate social disclosure policies of the supply organisations operating in a developing nation. This study extends and contributes to the literature by exploring how, and indeed whether, corporate environmental disclosure policies of the buying/consumer organisations operating in the developed countries that sourced products from suppliers within developing countries are influenced by IGs' initiatives.

This study is also the first study that conducts a longitudinal analysis on IGs' influence on corporate accounting and accountability practices. Specifically, the study examines ASGI's POUD trend before and after WWF and Zoos Victoria's (hereafter referred to as ZV) initiatives came into being.

If we are to better understand the factors that motivate ASGI to provide (or otherwise) POUD⁷¹, then Phase 3 assumes it would be useful to take a step back and understand what are WWF and ZV's expectations, and changes therein, on palm oil users over the 2008-2017 decade. What initiatives/strategies are strategically employed by WWF and ZV in exerting pressure on ASGI and ultimately influencing ASGI to respond to their expectations? Answering these questions will provide a building block which will enable the study to predict and explain some underlying reasons that appear to motivate ASGI to provide POUD.

6.3 WWF and ZV's initiatives

The decade 2008-2017 was one where WWF and ZV emerged as two highly visible IGs advocating to ensure the use of sustainable palm oil in Australia. The many initiatives employed by these IGs can be summarised as having two main purposes:

- to create public awareness on the adverse impacts surrounding unsustainable palm oil cultivation; and

⁷¹ Again, this study argues that if the reasons for ASGI's non-disclosure on POUD are known, then addressing these reasons directly may assist quest to improve ASGI's accountability pertaining to palm oil use.

- to shape community perception⁷² that the use of RSPO certified sustainable palm oil (CSPO) is the solution for the industry.

An overview on WWF and ZV's expectations, and the different initiatives each IGs employed in exerting pressures on ASGI to respond to their expectations is provided, in turn, as follows. The discussion will primarily lead to a detailed outline of the investigation of this study on the factors that motivate ASGI to provide POUD.

6.3.1 WWF

6.3.1.1 WWF's expectations

WWF recognises that the agenda for sustainable palm oil cannot be left to the RSPO and growers alone. It is necessary for complementary actions taken by palm oil users to also occur (WWF 2011). Hence, since 2009, WWF 'holds up a mirror to retailers and manufacturers' who use palm oil (WWF 2009, p. 1). Specifically, WWF "scores" global organisations' performance bi-annually against a set of objective criteria relating to their commitments to, and "tangible" progress towards, the use of RSPO CSPO.

To date WWF has published five scorecards - in 2009, 2010, 2011, 2013 and 2016 respectively⁷³. To understand WWF's expectations on the sample organisations since 2010, and changes therein, the study will now consider these scorecards in more depth. The discussion focuses, in particular, on what does WWF "ask" from palm oil users (the objective criteria set in evaluating the performance of palm oil users).

What does WWF "ask" from the organisations (wwf.panda.org)?

WWF's objective criteria (as they appeared in the four WWF scorecards) and the interconnectedness between these criteria and the 13 disclosure issues in the SSPOU are summarised and presented in Table 6.1 below.

⁷² For empirical evidence on IGs' ability to create public awareness and shape community expectations/perceptions, please refer to Deegan and Islam (2014).

⁷³ During March-September 2009, WWF (for the first time) evaluated the performance of 59 European organisations. The 2009 European Scorecard was published in October 2009. In addition to these organisations, three Australian organisations were assessed over the same timescale. The scores of the Australian organisations were published in the WWF Scorecard Australia 2010. Since the scores of Australian organisations were only being published in WWF Scorecard 2010, 2011, 2013 and 2016, the discussion in this study will focus on these four scorecards hereafter.

Table 6.1: Criteria adopted by WWF and the interconnectedness between WWF's criteria and the 13 disclosure issues in the SSPOU (with the specific issues that are considered as the minimum requirements of WWF shown in bold italics).

WWF Scorecard 2010		WWF Scorecard 2011		WWF Scorecard 2013		WWF Scorecard 2016	
Performance Indicators [specific issue in SSPOU]	Score	Performance Indicators [specific issue in SSPOU]	Score	Performance Indicators [specific issue in SSPOU]	Score	Performance Indicators [specific issue in SSPOU]	Score
<i>Active member of the RSPO [Specific Issue 3]</i>	3	<i>Active member of the RSPO [Specific Issue 3]</i> ACOP submitted to RSPO	1 1	<i>Active member of the RSPO [Specific Issue 3]</i> ACOP submitted to RSPO	1 1	<i>Active member of the RSPO [Specific Issue 3]</i> ACOP submitted to RSPO	1 1
Policies on responsible use of palm oil	8						
<i>Make public commitment to buy only CSPO by 2015 or earlier [Specific Issue 5]</i>	8	<i>Make public commitment to buy only CSPO by 2015 or earlier [Specific Issue 5]</i>	1	<i>Make public commitment to buy only CSPO by 2015 or earlier [Specific Issue 5]</i>	1	<i>Make public commitment to buy only CSPO by 2015 or earlier [Specific Issue 5]</i>	2
		Disclosing total amount of palm oil used/bought [Specific Issue 6]	1	Disclosing total amount of palm oil used/bought [Specific Issue 6]	2	Disclosing total amount of palm oil used/bought [Specific Issue 6]	1
<i>Use CSPO [Specific Issue 4]</i>	10	<i>Use CSPO [Specific Issue 4]</i> , with consideration of the proportion of the organisation's total palm oil use was CSPO [Specific Issue 7]	5	<i>Use CSPO [Specific Issue 4]</i> , with consideration of the proportion of the organisation's total palm oil use was CSPO [Specific Issue 7]	6	<i>Use CSPO [Specific Issue 4]</i> , with consideration of: the proportion of the organisation's total palm oil use was CSPO [Specific Issue 7]; the supply chain option(s) the organisation is using [Specific Issue 8]; and the proportion/ amount of CSPO purchased with each supply chain option [Specific Issue 9]	4
				Policy on reducing GHG emissions in their palm oil supply chain [Specific Issue 12]	1		
Possible maximum score	29		9		12		9

According to WWF, the “core actions” - the first step - that any responsible organisation should have include:

- be an active member of the RSPO (Specific Issue 3);
- start to use the RSPO CSPO (Specific Issue 4)⁷⁴; and
- make a public commitment to using only CSPO by 2015 (Specific Issue 5).

Since the WWF Scorecard 2011, WWF also “asks” the organisations to report their “tangible” progress on the use of CSPO to show that they can turn their commitments made pertaining to Specific Issue 5 into action. That is, to report:

- the total amount of palm oil used (Specific Issue 6); and
- the proportion of the organisation’s total palm oil use was CSPO, irrespective of what supply chain option(s)⁷⁵ was employed (Specific Issue 7).

Whilst these objective criteria (Specific Issues 3 to 7) appeared again in the WWF Scorecard 2013, WWF has also specifically mentioned that - as the “next step” - it is looking at how quickly the organisations are shifting their CSPO sourcing from the Book and Claim supply option to fully segregated supply chains (related to Specific Issues 8 and 9, as will be explained shortly). For example, WWF documented in this scorecard that (WWF 2013, p. 56):

We’re asking all instant noodle companies manufacturing in Europe, the US and Australia to use 100 per cent CSPO from Segregated or Mass Balance streams right now.

WWF has also disclosed explanations on each of the supply chain options, their advantages and disadvantages, in the WWF Scorecard 2013. Hence, despite scoring

⁷⁴ As the main goal of WWF Scorecard 2010 is to promote the use of RSPO CSPO, WWF has awarded the same score to any organisation that sourced CSPO in 2010, regardless of the CSPO volume used.

⁷⁵ Organisations can buy the RSPO CSPO through three main supply chain options - Segregated or Identity Preserved, Book and Claim (GreenPalm) and Mass Balance. Segregated and Identity Preserved CSPO, WWF’s preferred options, are certified palm oil that is physically separated from non-certified palm oil all the way from the mill to the end user. Hence, these options guarantee that the end product contains 100 per cent CSPO and that the oil used is not contributing to illegal or unsustainable practices. Whilst being a much cheaper option, organisations using the Book and Claim CSPO may still be using oil from unacceptable origins, so could be supporting producers that are not in fact acting responsibly and allowing the supply chain to continue doing business with non-certified growers. Essentially, according to WWF, organisations that are sourcing Book and Claim CSPO are paying producers for certificates to cover the volume of CSPO they use even though the actual palm oil that goes into their products may come from uncertified sources (WWF 2016a). Further details on the CSPO supply chain options can be found at the RSPO website: <https://www.rspo.org/certification/supply-chains>.

the organisations based only on Specific Issues 3 to 7 in 2013, it is argued that Specific Issues 8 and 9 have been part of WWF's major concerns since 2013. It is, therefore, expected that these specific issues will be included as objective criteria in WWF's subsequent scorecards.

Another notable difference between Scorecard 2011 and Scorecard 2013 is, in the later scorecard, WWF has scored the organisations with an additional objective criterion - does the company have a policy on reducing GHG emissions in their (palm oil) supply chain (Specific Issue 12). Interestingly, this criterion is not included in the subsequent scorecard - WWF Scorecard 2016. Rather, in 2016 (as anticipated), WWF's scoring system has evolved over time to also score the organisations based on:

- firstly, the supply chain option(s) they are using (Specific Issue 8); and
- secondly, the proportion of CSPO purchased with each supply chain option (Specific Issue 9)⁷⁶.

As Specific Issue 12 only appeared in WWF Scorecard 2013 with scoring allocation of 1 point (out of a maximum possible score of 12), it is argued that WWF's pressure on ASGI to commit to this specific issue is relatively lower compared to the other specific issues. In sum, this study argues that WWF's issues of concern since 2010, and changes therein, are:

- in 2010: Specific Issues 3 to 5;
- between 2011 and 2013: Specific Issues 3 to 7; and
- from 2013 onwards: Specific Issues 3 to 9.

This study, therefore, takes the view that core actions required by WWF - Specific Issues 3 to 5 - have been WWF's minimum requirements on palm oil users since 2010.

Having noted WWF's expectations, the study now considers how/why WWF has the power to exert pressure on the sample organisations to respond to its expectations. The discussion will consider initiatives employed by WWF following each scorecard

⁷⁶ WWF has scored the organisations in Europe, North America, Japan and Australia based on the weighted average of how much of their total use of palm oil is covered by the different supply chain options.

WWF released since 2010. Again, these insights will provide impetus to explain ASGI's motives for engaging in POUD.

6.3.1.2 Awareness-raising initiatives employed and the subsequent pressure exerted by WWF

WWF recognises the significant role played by consumers (and perhaps, the public) in putting pressure on organisations to change their practices to embrace sustainable palm oil use. As stated by (WWF 2009, p. 3):

Consumers can play a significant role in encouraging companies to change their practices. By requesting that retailers and manufacturers use sustainable palm oil in everyday products, consumers can help motivate companies to increase their commitments.

Accordingly, it was necessary to heighten consumers' attention to the devastation caused to the natural capital as a result of unsustainable palm oil use, and to "inform" consumers on the performance of global organisations (against a set of objective criteria relating to their commitments to, and "tangible" actions/progress towards the use of CSPO). WWF published its first bi-annual WWF Palm Oil Buyers' Scorecard (hereafter referred to as WWF Scorecard) in 2009⁷⁷.

WWF Australia, on its website, uses the heading "consumer education" when introducing the bi-annual scorecards as one of its conservation strategies on palm oil, and further specified that (WWF Australia 2018):

WWF produces Palm Oil Scorecard every two years, which benchmarks companies' commitments and progress towards procuring sustainable palm oil. Our aim is to help consumers make more informed decisions.

⁷⁷ As discussed in Chapter 4, WWF Palm Oil Buyers Scorecard 2013 (the latest version of WWF Scorecard at the time the researcher developed the SSPOU) forms one of the eight documents the researcher reviewed in developing the disclosure index - SSPOU (reproduced in Table 6.3). Whilst WWF evaluates global organisations' performance regarding the use of RSPO CSPO, this thesis assesses ASGI's accounting (environmental disclosure) and accountability practices pertaining to palm oil being used within the private-label products they sell.

Besides using its website as a medium to communicate with the consumers, WWF also employed other initiatives to heighten consumers' awareness on ASGI's performance following each scorecard it published. This is discussed briefly below.

The scores received by ASGI and subsequent pressures

1. WWF Scorecard 2010

In March 2010, WWF published WWF Scorecard 2010 with the scores of three Australian organisations - Goodman Fielder (manufacturer), Woolworths and Coles⁷⁸ (retailers). Interestingly, of the three key players within ASGI, Metcash was the only organisation that was not being scored.

Australia has one of the most concentrated supermarket sectors in the world, one that is dominated by three players - Woolworths, Wesfarmers and Metcash⁷⁹ (Keith 2012). Woolworths and Wesfarmers are both major Australian companies (IBISWorld 2015)⁸⁰. They own some of the most recognisable brands in retailing, such as Woolworths supermarket (owned by Woolworth) and Coles supermarket (owned by Wesfarmers). Woolworths and Wesfarmers, with their substantial market share of 73.6 per cent (41.9 per cent and 31.7 per cent for Woolworths and Wesfarmers, respectively) of the total ASGI revenue, are effectively creating a combined "duopoly" within ASGI (IBISWorld 2015). In such an environment, the duopolistic practices and decisions made by the two organisations have the power to greatly influence practices in food production and retailing throughout Australia (Keith 2012). Arguably, the wider community is aware of this potential impact. According to Cameron (2013), their power has expanded to include the production of their ever-increasing private-label product ranges.

Metcash, on the other hand, with a mere market share of 8.5 per cent of the total ASGI revenue is a largely ignored market leader within ASGI. Metcash is responsible for

⁷⁸ Wesfarmers Ltd acquired Coles Supermarket in 2007. In other words, Coles is wholly-owned by Wesfarmers Ltd when it was scored (for the first time) by WWF in 2010. Hence, WWF's initiative targeting at Coles, is thus arguably, directly related to Wesfarmers.

⁷⁹ A brief outline of the sample organisations has been presented in Chapter 4 (Section 4.1).

⁸⁰ It should perhaps be acknowledged that in the World's Largest Retail Supermarket and Grocery Store Chains 2015 ranking by revenue, Woolworths Ltd and Wesfarmers Ltd were ranked 18th and 22nd, respectively (Farfan 2017).

Australia's independent grocers such as the IGA-branded stores. Every IGA store is individually owned and operated with Metcash being the major distributor of groceries to these stores. This might explain why Woolworths and Wesfarmers have been the subject of much attention by WWF. As documented in the scorecard (WWF 2010, p. 10): 'WWF encourages both of these Australian icons [Woolworths and Coles] to move swiftly on this issue and lead the way for the Australian Food Sector'.

According to the findings, among the six organisations being assessed - these being Woolworths, Coles, Goodman Fielder, Unilever, Cadbury and Nestlé (the latter three being European organisations with a long-recognised presence in Australia) - Unilever (with a score of 24.5) and Cadbury (with a score of 24) appeared at the top of the scorecard. All the Australian organisations fell into the group with the lowest ranking. As commented by WWF (WWF 2010, p. 11):

The Australian companies - Coles, Goodman Fielder and Woolworths – are just starting to develop policies and systems to address unsustainable palm oil. However, at the time of this Scorecard's development, this has yet to translate to commitments to and the purchase of CSPO in 2010 with the target of 100% CSPO by 2015. [...] the Australian based companies have a long journey ahead before sustainable palm oil sourcing becomes the norm. WWF hopes that Australia can turn this around and support sustainable palm oil buying practices in the future. WWF looks forward to documenting this future positive trend in subsequent versions of the Palm Oil Buyers' Scorecard.

The release of the WWF Scorecard 2010 indicated, for the first time, that the (Australian) community was "informed" about the achievements (or non-achievements) of these major Australian organisations against a set of scoring criteria as expected by WWF. The view taken here is, organisations that attained higher scores from WWF would be perceived by the stakeholders, particularly the IGs and (concerned) communities, as organisations that have given more primacy to the sustainability agenda (than organisations that obtained lower scores).

As mentioned earlier, WWF recognises the significant role of consumers - the ally - in exerting pressure on the sample organisations to change their palm oil use practices.

To achieve this, WWF needs effective methods with which to communicate its scorecards (particularly the poor performance of Woolworths and Wesfarmers) to its ally. Deegan and Islam (2014)'s study, which explores the complementary roles between IGs and the media, suggests that IGs do consider media as a vital medium in enhancing their initiatives to create meaningful change in corporate behaviour. As stated by (Deegan & Islam 2014, p. 399):

[T]he media is particularly able to shape perceptions of industry and organisational legitimacy, and it is the threats to corporate legitimacy that evokes a disclosure reaction from the organisations.

Accordingly, Australia and New Zealand Newsstream (ProQuest)⁸¹ was reviewed, through the RMIT library portal. The objective being to identify media coverage on WWF's scorecards using the keyword phrase "WWF Palm Oil Buyers' Scorecard". The results show that WWF's scorecards did attract media attention between 2010 and 2013 with 2, 2 and 1 articles being released in 2010, 2011 and 2013, respectively. These are the years when WWF published its first three bi-annual scorecards.

The newspaper articles in 2010 predominantly ran stories on the "poor" performance/scores of Australian organisations, particularly Woolworths and Wesfarmers. For example, an article released in one of Australia's most widely-read newspapers⁸², *The Sydney Morning Herald* on 1 April 2010 had the heading, "Supermarkets under fire over destruction of orang-utan habitats"⁸³. As stated in this article:

The Palm Oil Buyers' Scorecard produced by the World Wildlife Fund, ranks Coles [Wesfarmers] and Woolworths at the bottom of a table of six leading food

⁸¹ Australia & New Zealand Newsstream offers access to leading Australian and New Zealand newspapers. It combines content from Fairfax Australia and Fairfax New Zealand, News Limited, the Australian Broadcasting Corporation and AAP Newswire.

⁸² According to a survey conducted by Enhanced Media Metrics Australia, *The Sydney Morning Herald* remained the most-read newspaper in Australia in the 12 months to October 2017 (<https://www.emma.com.au/>). Other newspaper articles appeared in *The Herald Sun* (a newspaper with a very high readership in Victoria), *The Advertiser* (the most widely read daily newspaper in South Australia) and *St George & Sutherland Shire Leader*, which operates in the southern Sydney region.

⁸³ The newspaper article is accessible at <https://www.smh.com.au/national/supermarkets-under-fire-over-destruction-of-orangutan-habitats-20100331-rexc.html>.

and grocery companies. Each of the supermarkets scored two out of a possible 29, beaten in Australia only by Goodman Fielder, which scored 4.5 [...]

In the article Martin Pritchard, a palm oil spokesman for Friends of the Earth, 'encouraged Woolworths to pursue its bid to join the RSPO'. The article also reported that:

In response, Woolworths announced this week it would switch to 100 per cent sustainable palm oil by 2015 [WWF's concern] and use palm oil substitutes where possible. It will also clearly state where a product contains palm oil, which is often disguised as generic "vegetable oil"⁸⁴.

Similarly, South Australia's *The Advertiser*, which published an article on Easter Friday in 2010 titled "Hot cross buns highlight palm oil concern", also documented that:

Coles and Woolworths came last (both scored 2/29). Goodman Fielder did slightly better, due to its membership of the Roundtable on Sustainable Palm Oil. However, Woolworths and Goodman Fielder this week made commitments to sourcing sustainable palm oil.

Whilst the media articles are minimal in number, they nevertheless were published in high circulation newspapers. Consistently, these excerpts seem to suggest that the duopoly, perhaps Woolworths (the market leader within ASGI) in particular, has been in the limelight following the release of the WWF Scorecard 2010. Woolworths' announcement of its commitment to the use of 100 per cent sustainable palm oil also suggested that the managers would perceive the release of the WWF Scorecard 2010 as a pressure that warrants a response.

Insights have been provided by prior research that media attention - particularly negative media attention - can be particularly effective in driving the community's awareness and perception about environmental performance of particular organisations. Where such awareness/perception is created/shaped, organisations

⁸⁴ Labelling of palm oil, which is an issue of major concern to ZV, will be further explained shortly. Woolworths' response provides a valuable insight into the sources of pressure as they were perceived to emanate, since 2010, from both WWF and ZV.

will respond by increasing the extent of disclosure of environmental information and operational reactions (see, for example Brown & Deegan 1998; Deegan & Islam 2014)⁸⁵. Similarly, this study presumes that the complementary roles played by WWF and media will be perceived by the managers (particularly managers of Woolworths and Wesfarmers) as an external pressure, given their “poor” performance in relation to palm oil use was communicated to the public via newspapers that enjoyed a significant readership within Australia’s various capital cities.

2. WWF Scorecard 2011

In conjunction with the release of WWF Scorecard 2011, a newspaper article was published in *The Herald Sun* with the title “Saints and sinners in palm oil users”⁸⁶. The article, as with those published in 2010, highlighted the scores of Woolworths and Wesfarmers only, despite Metcash being scored for the first time in 2011, as follows:

Leading the way locally was Woolworths, which collected seven out of nine points, while Coles and Arnott's were given a score of 4.5.

Despite making some progress in the Scorecard 2011, WWF’s pressures on ASGI are maintained as ‘more needs to be done’. As documented in the article, WWF Australia’s director of conservation, Dr Gilly Llewellyn, stated that all Australian organisations had committed to using CSPO by 2015. However, the current proportion of CSPO used by these organisations ranges only somewhere between 0 to 25 per cent⁸⁷.

To further increase community’s awareness on ASGI’s “poor” progress regarding the use of CSPO, WWF launched its Scorecard 2011 at Sydney’s Taronga Zoo. A media release was made available on Taronga Zoo’s website⁸⁸ providing the link to the WWF Scorecard 2011. Further, Taronga Zoo published a video about the event on its

⁸⁵ Brown and Deegan (1998) conducted the first known empirical study to introduce the media agenda setting theory to the SEA literature.

⁸⁶ The article is also available on the website of a local IG, Borneo Orang-utan Survival Australia, accessible at <https://www.orangutans.com.au/news-palm-oil-habitat-loss-illegal-pet-trade/palm-oil-report-reveals-saints-and-sinners-in-aussie-companies>.

⁸⁷ As discussed earlier, since WWF Scorecard 2011, WWF’s scoring system has evolved with greater consideration on Specific Issue 7: The current annual percentage or total amount of RSPO CSPO the organisation is using.

⁸⁸ See website at: <https://taronga.org.au/media/media-release/2018-07-11/wwf-launches-palm-oil-buyers-scorecard-taronga-zoo>.

YouTube social media⁸⁹. The collaborative initiatives between WWF and Taronga Zoo aim at informing consumers that they have a positive role to play - demanding that palm oil used in consumer products on supermarkets' shelves is sourced from CSPO. That is, consumers should support organisations that have committed to CSPO (as reflected in the scorecard) and look for the RSPO trademark on their grocery products. The collaborative initiatives between WWF and Taronga Zoos by 2011 arguably would have heightened consumers' awareness and shaped their perception with 130,000 visitors at the zoo signing a petition asserting that they want to support CSPO (<https://taronga.org.au>). Greater consumer awareness is expected to put growing pressure on ASGI.

3. WWF Scorecard 2013

Referring to the WWF Scorecard 2013, Wesfarmers with a score of 11 (out of a possible score of 12) has not only led the way for ASGI but other Australian organisations within the food service industry. Wesfarmers highlighted its achievement via Coles' Annual Report 2014:

Coles' efforts were recognised in WWF's 2013 Palm Oil Buyers Scorecard, receiving the highest score of any Australian retailer.

Both Woolworths and Metcash, on the other hand, only achieved a score of 7 (out of a possible score of 12). Here, WWF noted that Woolworths and Metcash will have to intensify their efforts to hit their own targets - the use of 100 per cent CSPO by 2015 (WWF 2013). *The Guardian* (Australian edition)⁹⁰ published an article highlighting Woolworths' relatively lower score achieved in the WWF Scorecard 2013 compared to Wesfarmers. Relatedly, it is argued that the release of WWF Scorecard 2013 has further increased WWF's pressure (through media coverage) on Woolworths. Conversely, reflecting upon the discussions above, WWF's pressure on Wesfarmers seemed to have decreased. That is, WWF (and media coverage) turned the spotlight to Woolworths in 2013, particularly after the release of WWF Scorecard 2013, because Wesfarmers has achieved a high score in the third scorecard.

⁸⁹ The link to the YouTube video can be found at: <https://www.youtube.com/watch?v=ffKn5bos9dU>.

⁹⁰ See website at: <https://www.theguardian.com/environment/2013/nov/13/coles-woolworths-palm-oil-scorecard>.

4. WWF Scorecard 2016

When WWF Scorecard 2016 was released, WWF Australia highlighted on its website stating that 'WWF Scorecard shows Australian companies leading the way on sustainable palm oil'. Both Woolworths and Wesfarmers achieved full scores, while Metcash, 8 out of a possible 9 points. This could perhaps be the reason why there was neither media coverage nor announcement of WWF Scorecard 2016 at the various zoos throughout Australia. Hence, it is argued that the managers of the sample organisations will perceive that stakeholders' support (consumers' support, in particular) has been retained/regained, and expectation gaps between the community and the organisations have been minimised.

By inference, the above discussions suggest that WWF has been exerting pressure upon the sample organisations after 2009. The publication of its bi-annual scorecard - an instrument used by WWF to inform the consumers (via media coverage in high circulation newspapers, collaboration with zoos and WWF's website) on the alignment or non-alignment of each organisation's performance against stakeholders' expectations - has heightened consumers' awareness and focus on each organisation's palm oil use-related performance. Taken together, there is a presumption (to be further explained, with SEA theories, in the following section) that these organisations will respond to, via their own public reports, stakeholders' expectations (surrogated by WWF) in an effort to produce a scenario (to the consumers/community at large) that is favourable to themselves⁹¹.

The study will now turn the attention to Zoos Victoria's (ZV) expectations and the different initiatives ZV employed in exerting pressures on ASGI in the decade 2008-2017. Again, the discussion aims at providing insights to enable deeper understanding on ASGI's potential motives for POUD.

⁹¹ The findings from Chapter 4 also suggest consumers as a major stakeholder group upon whom ASGI directed their POUD to.

6.3.2 Zoos Victoria

6.3.2.1 Zoos Victoria's expectations

As discussed in Chapter 4, ZV's awareness-raising campaign is advocating to ensure that any palm oil used by Australian based organisations is from the RSPO CSPO (Specific Issue 4). ZV is also advocating to obtain signatures from the community to take to the Food Standards Australia New Zealand (FSANZ) to have palm oil labelling in all food products legislated (Specific Issue 10)⁹².

6.3.2.2 Awareness-raising initiatives employed and the subsequent pressure exerted by Zoos Victoria

(www.zoo.org.au)

ZV launched its Don't Palm Us Off campaign in late 2009 with an Orangutan Sanctuary being set up at Melbourne Zoo. The aim is to raise public awareness about the palm oil crisis, exposing the link between consumers and orangutan survival by providing zoo visitors with an opportunity to view Asia's only Great Apes with information about the issue that is pushing them towards extinction. As noted by Rachel Lowry⁹³ in Australian Broadcasting Corporation News in July 2010, 'our zoo [Melbourne Zoo] alone has 1.6 million people who come through our gates. If we can't raise awareness about issues like this, then who can?' (ABC News 2010).

According to ZV, achievements accomplished via its Don't Palm Us Off campaign between August 2009 and June 2010 were as follows:

- a rise in awareness, from 53.4 per cent to 97 per cent, amongst zoo visitors on the importance of the use of sustainable palm oil⁹⁴;

⁹² As discussed in Chapter 4, under current Australian regulations, palm oil does not have to be labelled as palm oil. It can be labelled using generic terms such as "vegetable oil" - making it impossible for interested stakeholders to know which products are contributing to palm oil sustainability agenda.

⁹³ Rachel Lowry is the Director of Wildlife Conservation and Science at Zoos Victoria and President of International Zoo Educators Association. She developed Melbourne Zoo's Don't Palm Us Off campaign in 2010 in an attempt to utilize education as a tool to weaken Australia's link to the palm oil crisis. The campaign raises the profile of what zoos can achieve through community conservation campaigns. In 2010 she was awarded Sustainability Leader of the year by WME (Australia's leading environment business magazine) within the Government and NGO sector (International Zoos Educators Association 2018).

⁹⁴ ZV quoted this based on the findings of a PhD research study conducted by the University of South Australia on visitors to the Adelaide, Taronga and Melbourne Zoos before and during the campaign.

- media generated throughout the campaign reached a range of audiences with several high-profile media articles in on television's 'The 7PM Project'⁹⁵, Fairfax media outlets and *The Herald Sun*;
- inspired more than 130,000 petition signatures from concerned community demanding Food Standards Australia New Zealand (FSANZ) to mandate palm oil labelling on all food products;
- more than 45,000 community enquiries were received in support of this issue;
- independent Senator Nick Xenophon of South Australia introduced the Truth in Labelling (Palm Oil) Bill 2009⁹⁶, calling for the mandatory labelling of palm oil, inspired by the Don't Palm Us Off Campaign;
- 5 of the 6 major palm oil users in Australia made public time-bound commitments to switch to certified sustainable palm oil by 2015. Woolworths made additional commitments on voluntary labelling of palm oil⁹⁷. Woolworths liaised with ZV directly and confirmed that their decision was in response to a rise in community awareness, which Woolworths attributed to the Don't Palm Us Off campaign and work of WWF;
- Tiger Airways extended the campaign's call to action by reaching more than 100,000 people through their database and website; and
- ZV was awarded the 2011 Banksia Environmental Foundation People's Choice Award, reinforcing the continued strong public support for its concerns about sustainable palm oil use⁹⁸.

⁹⁵ The Project (previously The 7PM Project from 2009 - 2011) is an Australian news-current affairs and talk show television panel program (<https://tenplay.com.au/channel-ten/the-project>).

⁹⁶ Bill 2009 is a Bill for an Act to provide for the accurate labelling of palm oil in food, and for related purposes. The purpose of this Act is to ensure that consumers are provided with clear, accurate information about the inclusion of palm oil in foods, and to encourage the use of the RSPO CSPO in order to promote the protection of wildlife habitat. For authoritative information on the progress of bills and on amendments proposed to them, please see the House of Representatives Votes and Proceedings, and the Journals of the Senate as available on the Parliament House website (www.legislation.gov.au). An overview on the government's actions/decisions following the Bill 2009 will be provided shortly.

⁹⁷ ZV did not list the name of the major palm oil users but had specifically mentioned Woolworths. This could suggest that ZV's initiative is shining a spotlight on Woolworths.

⁹⁸ The Banksia Foundation is a well-established not-for-profit organisation dedicated to working with government, industry and the community to focus attention on the recognition of excellence in sustainability. Banksia is a strong and expanding brand and its awards program is regarded as the most prestigious and longest running sustainability awards in Australia.

It can be seen from the above discussion that ZV's campaign has, since the late 2000s, successfully heightened community awareness and shaped their perception that the use and labelling of RSPO CSPO is the "right choice" (Specific Issues 4 and 10).

Furthermore, ZV's campaign had also influenced government decision (to mandate palm oil labelling). In 2009, the Council of Australian Governments and the Australia and New Zealand Food Regulation Ministerial Council agreed to undertake a comprehensive review of the food labelling law and policy. It was announced that the former Australian Health Minister, Dr Neal Blewett would head up the Panel to undertake a comprehensive examination of food labelling law and policy (Food Standards Australia New Zealand 2017). The Review Panel completed two rounds of public consultation where interested stakeholders were invited to provide written submissions on food labelling issues. The Panel received more than 550 written submissions during the 2nd round of public consultation which closed on 14 May 2010, with more than 550 people attended the public consultation forums.

Stakeholders' perspectives provided in the written submissions and information gathered during the course of the Review process was considered to inform the development of its recommendations. On 28 January 2011, the Review Panel officially presented the Final Report. On 9 December 2011, the Legislative and Governance Forum on Food Regulation (the Forum) agreed on a response to the recommendations contained in the review, particularly Recommendation 12 from the 2011 Review of Food Labelling Law and Policy which says that added oils (including palm oil), fats and sugars should be clearly declared/labelled (www.foodlabellingreview.gov.au).

As the latest stage in its ongoing Don't Palm Us Off campaign, ZV officially launched Zoopermarket at Melbourne Zoo's Orang-utan Sanctuary in April 2013. At the Zoopermarket "Checkout", visitors get to scan and check the ingredients in some products that are commonly found on the supermarket shelves. Information on whether the organisation is using palm oil, and if so, whether it is being produced sustainably will be revealed. The aim of the Zoopermarket "Checkout" is to draw consumers' attention to the widespread use of unsustainably produced palm oil on multitude food products that appear on the supermarket shelves. In 2013, over 20,000 emails were sent to organisations via the Zoopermarket, demanding the respective

organisations to use palm oil that is sustainably produced and clearly label palm oil on food products when it is used (Zoos Victoria 2016). ZV's awareness-raising initiative via Zoopermarket provides further impetus for the sample organisations to respond to stakeholders' expectation (surrogated by ZV).

ZV's continuous initiatives have further increased and sustained external pressure on ASGI in recent years. In 2016, after a special envoy from Victoria, a petition with more than 100,000 signatures from Australians in support of palm oil labelling were presented in Canberra⁹⁹ (www.zoo.org.au). In 2017, the state of Victoria - being the first state to advocate for the mandatory labelling of palm oil on all food products in Australia - publicly pledged support for mandatory labelling of palm oil by law (Zoos Victoria 2017). By mid-2018, ZV's Don't Palm Us Off campaign had inspired more than 419,000 petition signatures from Australians. Further, ZV's consumer research shows that 95 per cent of Australians support mandatory labelling of palm oil on all food products.

At the last meeting of the Forum on 29 June 2018, the Ministerial Forum decided to, once again, delay the decision to mandate palm oil labelling to a future meeting in November 2018¹⁰⁰. Nonetheless the Forum, for the first time, acknowledged that consumers' ability to clearly identify fats in oils is restricted due to lack of labelling¹⁰¹. In responding to the latest ministerial decision, ZV noted that:

After nine years of campaigning we're still not there yet, but we have taken a big step in the right direction. We'll keep you updated on next steps in continuing to fight for our wildlife - don't let them palm you off!

The above discussion appears to suggest that ZV is putting a greater emphasis on the labelling of palm oil on food products; while WWF emphasises the use of only CSPO in all products by 2015. Possibly ZV, being a national IG, has greater emphasis on the labelling of palm oil on food products because palm oil is mainly used in the food sector in Australia (Net Balance Foundation 2013). Nonetheless both WWF and ZV, through

⁹⁹ Canberra is the capital city of Australia.

¹⁰⁰ The Ministerial Forum has, in the last two years, delayed the decision in a meeting at the Forum held on 25 November 2016, 28 April 2017 and 24 November 2017 (Zoos Victoria 2017).

¹⁰¹ Details on Ministerial Forum's meetings on Food Regulation can be found at: <http://foodregulation.gov.au/internet/fr/publishing.nsf/Content/forum-communique-2018-June>.

different initiatives, are explicitly exerting pressures on ASGI to respond to their expectations in the late 2000s. These initiatives have, in turn, heightened and sustained Australian public and political focus. Research commissioned jointly by WWF Australia and the Food and Grocery Council of Australia (AFGC), and known as *Palm Oil in Australia: Facts, Issues and Challenges* (Net Balance Foundation 2013, p. 35) made the following assertion:

To date, NGOs campaigns on the negative impacts of unsustainable palm oil and the coverage of these campaigns in the mainstream media¹⁰² as well as attempted legislation on palm oil labelling, have given primacy to consumer attention on sustainability.

As will be explained shortly, there would be an expectation that this scrutiny would evoke some form of disclosure response from ASGI after 2009. Whether, and how, these IGs initiatives have resulted in a change in POUD practices of ASGI, via their public reports, in the 2008-2017 decade is the focus of this study. Given that public disclosures on social and environmental information such as POUD in corporate public reports are voluntary, management has the discretion about *to whom, what* (information to make) and *how* to provide POUD (which public reports to use to provide the information), if any, in an endeavour to achieve/maintain their economic performance.

Having documented rich insights into the pressures and respective sources of pressure being exerted on the industry, the next step is to predict and potentially explain ASGI's motivation for providing voluntary POUD.

6.4 Theoretical background and development of propositions

From a positivist perspective, this study jointly considers stakeholder, legitimacy and institutional theory to provide rich insights into what drives ASGI's POUD practices. While Chapter 5 provided a detailed discussion of the above three theories, this section only delivers a brief discussion of these theories' ability to predict and explain

¹⁰² For example, media coverage between 2010 and 2013 (as noted earlier) highlights the low scores of ASGI in WWF's bi-annual scorecards.

ASGI's motive in providing POUD. In doing so, this section offers five propositions that will address the research questions developed for this phase.

6.4.1 Stakeholder theory

As discussed in Chapter 5, stakeholder theory has two major branches - ethical and managerial branches. It is the managerial branch of stakeholder theory that is used in this phase to explain why ASGI provides POUD. Stakeholder theory asserts that organisations do not respond to all stakeholder groups' expectations (given that they sometimes conflict) equally (Chen & Roberts 2010). Many stakeholder theorists have identified power as a significant stakeholder attribute, i.e. the ability of a particular stakeholder group to affect the direction of an organisation (Frooman 1999; Mitchell, Agle & Wood 1997; Ullmann 1985).

An organisation will react to the demands of those stakeholder groups that are perceived to be powerful stakeholders¹⁰³ (Bailey, Harte & Sugden 2000; Ullmann 1985). This is consistent with Freeman's (1984) statement that strategies for stakeholder management start if management perceives a particular stakeholder group is able to pose a threat to the organisation's activities, particularly the power to influence its economic performance (Deegan 2014). SEA is a tactic used by management to manage (or manipulate) powerful stakeholders in order to win/gain or maintain their support and approval, or to divert their opposition and disapproval (Gray, Owen & Adams 1996; Ullmann 1985). Hence, stakeholder theory offers a rich understanding on how organisations can strategically manage their particular powerful stakeholders - in this case via public (voluntary) disclosures - to convey information about certain environmental issues/practices associated with their corporate supply chains.

In the late 2000s, WWF and ZV may be perceived by the managers of the sample organisations as "powerful" surrogate stakeholder groups, given their power to create public awareness who has, in turn, the power to influence the organisation's economic performance. The view taken here is that without WWF and ZV's awareness-raising

¹⁰³ As will be discussed shortly, institutional theory also suggests that an organisation is coerced into a particular form or practice by its powerful stakeholder groups.

initiatives, there will be minimal public pressure. Public support is critical for the sample organisations to stay competitive and to survive in a long-term profitable manner. This is particularly relevant to the sample organisations since the public is largely represented by their existing and potential customers. For example, ZV documented that (Zoos Victoria 2010, p. 2):

A beauty product store based within Melbourne Central noted a drop in sales due to raised awareness (which they tell us peaked after The 7PM Project ran a feature story on our campaign [ZV's Don't Palm Us Off campaign] on Easter Monday, 2010). This prompted the store to produce signs promoting their range of certified sustainable palm oil products.

Further, ASGI is one of the most fiercely competitive industries in Australia (IBISWorld 2017; Retail World 2017). In the interests to maintain their market share and perhaps the managers perceive that being the leader in this area is vital to maintaining a competitive advantage, the managers would conceivably respond to the public's concerns. For example, in one article published in *Inside Waste*¹⁰⁴, Armineh Mardirossian, Woolworths' Group Manager for Corporate Responsibility, Community and Sustainability, stated (Pichon 2011):

Our customers have told us that this is an issue [responsible sourcing of palm oil] they want to see action on. We've listened and Woolworths has been a leader in Australian retailing in this area. Woolworths has adopted the following policies and commitments in March 2010: Move to RSPO certified sustainable palm oil by 2015 for all Woolworths private label products; on-pack labelling of palm oil and derivatives (greater than five per cent by weight) in all Woolworths private label products; and Woolworths was the first Australian retail member of the RSPO.

Heightened public focus and pressure on the use of sustainable palm oil have also led to government intervention (such as the introduction of a parliamentary Bill in 2009,

¹⁰⁴ Launched in 2004, *Inside Waste* is the official publication of the Waste Management Association of Australia.

calling for the mandatory labelling of palm oil on food products), which may then impact on the operations and the future of ASGI¹⁰⁵.

Accordingly, after 2009, the sample organisations may feel driven to respond to the (changing) expectations and concerns of the public – surrogated by WWF and ZV. POUD could be a strategy used by management to directly prevent or alleviate public pressure and/or the subsequent attempted legislation on palm oil labelling. Conversely, in the absence of WWF and ZV’s awareness-raising initiatives, there might be no public and political pressures. Relatedly, there might be no sustainable palm oil use-related practices and associated information disclosed by ASGI.

Taken together, Figure 6.1 below diagrammatically predicts, based on the insights of stakeholder theory, the link between IGs initiatives and POUD practices of ASGI.

Figure 6.1: Simplistic representation of sequence of events as explained by stakeholder theory



Accordingly, embracing the notion of power asserted within stakeholder theory and the discussions provided above, it is proposed that:

P1: The sample organisations will commence to provide disclosures on issues of concern of WWF and ZV after 2009.

¹⁰⁵ A further example on the “power” of IGs’ petition initiative in influencing government decisions is evident in the UK context. Petitions demanding to ban the sale of products that contain unsustainably sourced palm oil in the UK are ongoing. As of July 2018, one petition has received 8,170 signatures. Currently, it is at 10,000 signatures and the government will respond to it when 100,000 signatures have been made. See <https://petition.parliament.uk/petitions/219758>.

The study will now use the insights obtained from legitimacy theory in an attempt to predict/explain the extent (the number of specific issues ASGI disclosed - Proposition 2); and the nature (disclosure options ASGI adopted – Proposition 3 and 4) of POUD provided by the sample organisations between 2010 and 2017.

6.4.2 Legitimacy theory

In the SEA literature, legitimacy theory and the associated notion of a social contract has surfaced as a dominant theory that attempts to explain managerial motivation to engage in social and environmental disclosure. Legitimacy theory proposes that corporate behaviours, inclusive of accounting and accountability practices, are a function of community concerns which are not static but evolve over time (Loh, Deegan & Inglis 2014). Hence, to maintain legitimacy, organisations must be responsive to changing community concerns. Consistent with this perspective, Wesfarmers stated that:

We regularly engage with our stakeholders to understand their expectations (Wesfarmers Sustainability Report 2017 p23).

Hence, managers need to respond to community expectations (to be complying with the social contract in which they operate) if they are to be deemed “legitimate”. Embracing Rubenstein’s (2007) concept of surrogate accountability (as discussed in Chapter 4), this study presumed that the demands and expectations, including information demands, of IGs in turn influences community perceptions. In considering community expectations, Newson and Deegan (2002) argued that whilst organisations such as multinationals operating worldwide must respond to global expectations, those operating in a particular location or country must respond to the expectations of people there. The sample organisations chosen for this thesis operate only in Australia and it is predicted they will only respond to the expectations of the “local” community.

According to the legitimacy theory perspective, when management perceives they have operated in a manner that is contrary to “local” community concerns (faced with legitimacy threats), managers will employ legitimisation strategies, including various

disclosure-related practices, to obtain or retain legitimacy. Referring to the legitimacy threat, Nasi et al. (1997, p. 301) remarked:

The potential body of information about the corporation that is unavailable to the public - the corporate shadow (Bowles, 1991) - stands as a constant potential threat to a corporation's legitimacy. When part of the organisational shadow is revealed, either accidentally or through the activities of an activist group or a journalist, a legitimacy gap may be created.

When a legitimacy gap is created, either as a result of a change in community concern or when part of the organisational shadow is revealed, organisations 'must make changes or the legitimacy gap will grow as the level of conflicts increases and the levels of positive and passive support decreases' (Lindblom 1994, p. 3). Hence, if the expectations of the Australian community change (and the organisations rely on the community's demand to expand their private-label product ranges), and/or if part of the organisational shadow (particularly information about ASGI's palm oil use practices that are contrary to community concerns) are revealed through IGs initiatives, then ASGI will need to demonstrate that it has also changed to accommodate community concerns. Otherwise it would be seen as breaching its social contract. Correspondingly, strategies that include disclosures will need to be embraced to re-establish legitimacy.

As discussed in Section 6.3, WWF and ZV's initiatives have, since 2010, shifted and heightened Australian community concerns about the environmental costs of palm oil use rather than its social-economic benefits. The release of the WWF Scorecard 2010 on the non-alignment of the Australian organisations' performance (given that the organisations had yet to commit to the purchase of CSPO in 2010), and ZV's campaign (which uncovered organisations' "unacceptable" labelling practices) have arguably revealed an aspect of the organisational shadow of the sample organisations. Consequently, the managers of the sample organisations might perceive that a legitimacy gap which will threaten their respective organisation's competitive ability to survive in the industry and make profits.

The view taken here is that the community (particularly consumers) might refuse or eliminate the demand for the respective organisation's private-label products in favour of:

- other branded products on supermarket's shelves who had obtained higher scores in WWF Scorecard 2010 (such as Unilever, Cadbury and Nestlé); and/or
- their competitors who might have responded to WWF's concerns better, and therefore achieved a better score in WWF's subsequent scorecards.

The above potential legitimacy-threatening events would conceivably motivate managers to adopt strategies, inclusive POUD, to counter possible damage. That is, "threats" to organisations' perceived legitimacy lead to responsive actions by their management, who will endeavour to minimise the impacts of such threats. These strategies need to be consistent with the social values of the wider society (Dowling & Pfeffer 1975) - the so-called social contract.

In this study, the sample organisations' social contract arguably comprises the issues of concern raised by WWF and ZV. If disclosures are used strategically by the organisations to minimise threats to their legitimacy, then it is anticipated that they will need to provide more disclosures on issue of concern of WWF and ZV when a perceived "threat" has been created and/or heightened. Conversely, when the perceived "threat" has been minimised or negated, less disclosures on these issues would be necessary/provided.

The discussion that follows aims to develop an understanding on the legitimacy threats as they were perceived to exist by the managers of the sample organisations following the release of each WWF scorecard. The perspective taken here is, when an organisation was assigned a low score from WWF (and the low score has been highlighted in the popular news-press), managers might perceive that a legitimacy threat had been created/heightened. Hence, the organisation would need to increase disclosures to re-establish its legitimacy. Conversely, when an organisation achieved a high WWF score, the management would perceive that the legitimacy threat had

been dealt with. Correspondingly, no disclosures on the issues of concern of WWF would be needed/provided via their corporate public reports thereafter¹⁰⁶.

Referring to WWF Scorecard 2010, Woolworths and Wesfarmers were ranked at the bottom. Given the negative media coverage of their poor performance, it is argued that the management of both organisations will perceive that a legitimacy threat had potentially been created. Because Metcash was not being scored here (nor its performance in relation to palm oil use was revealed to the public), the management might not perceive a legitimacy threat in 2010.

When WWF Scorecard 2011 was published, despite scoring 7 points (out of a maximum of 9), the managers of Woolworths would still perceive a high legitimacy threat since WWF informed the consumers (through media and zoos around Australia) that the proportion of CSPO used by the sample organisations were only somewhere between 0-25 per cent. At the same time, consumers were increasingly demanding ASGI to increase its use of CSPO (as evidenced by 130,000 signatures on a petition at Taronga Zoo). Similarly, with a lower score (4.5 points) than Woolworths, managers of Wesfarmers will also perceive there is a high legitimacy threat.

When WWF Scorecards 2013 was released, Wesfarmers had not only led the way for ASGI but also the Australian food sector. Wesfarmers highlighted its achievement in WWF Scorecard 2013 via Coles' Annual Report 2014. Subsequently, Wesfarmers achieved a full score in WWF Scorecard 2016. Relatedly, it is anticipated that Wesfarmers' management might perceive that the legitimacy threat had been minimised since 2013. Henceforth, no disclosures on issues of concern of WWF would be needed to manage organisational legitimacy in and after 2013.

Woolworths, on the other hand, only achieved a score of 7 (out of a maximum of 12) in WWF Scorecard 2013. Regardless, Woolworths achieved a full score in WWF Scorecard 2016. It is, therefore, anticipated that the management of Woolworths might

¹⁰⁶ As explained in Chapter 4, WWF scored RSPO members' performance based on the information they provided in the ACOP. The study, therefore, anticipates that ASGI's disclosures made via ACOP (addressing WWF's expectations) will be sustained (although this is not part of the study in Phase 3) as the sample organisations will need to maintain a high/full score in WWF's subsequent scorecards in order to minimise their legitimacy threats.

feel that the legitimacy threat had been minimised in 2016, and no disclosures on issues of concern of WWF will be needed in and after 2016 to manage organisational legitimacy.

Despite achieving only average scores on both WWF Scorecards 2011 and 2013, the managers of Metcash might perceive only a minor legitimacy threat as its progress was at par with at least one of the duopoly within ASGI in both the scorecards¹⁰⁷. Arguably, with every IGA store being individually owned and operated, the community will neither be expecting Metcash to lead, nor will Metcash be as influential as the duopoly. If Metcash was able to achieve a score that was at par with at least one of the duopoly, then the study argues that legitimacy threat perceived by Metcash's managers would be low.

Regardless, managers of Metcash might perceive a high threat to its legitimacy following the release of WWF Scorecard 2016 as both Woolworths and Wesfarmers had achieved full scores. Achieving a full score in WWF scorecard would (perhaps) be considered by the community as the societal norm. That is, the management might perceive that there would be greater community pressure questioning their (lack of) efforts undertaken towards the use of sustainable palm oil. Consequently, it is anticipated that Metcash will endeavour to minimise the threat by providing more disclosures that address WWF's concerns.

The scores¹⁰⁸ of the sample organisations on the four scorecards and the anticipated degree of legitimacy threat (high or low) perceived by their management teams following the release of each scorecard are presented in Table 6.2.

¹⁰⁷ As will be shown in Table 6.2, both Metcash and Wesfarmers scored 4.5 (out of a possible score of 9) on WWF Scorecard 2011. Meanwhile with reference to the WWF Scorecard 2013, Metcash had the same score (7 out of 12) as Woolworths.

¹⁰⁸ As shown in Table 6.1, the maximum possible score on each of the four scorecards released by WWF was different.

Table 6.2: The scores (out of maximum possible scores) achieved by the sample organisations in WWF’s bi-annual scorecards and the perceived legitimacy threats following the release of each scorecard.

WWF Scorecards	Woolworths Ltd		Wesfarmers Ltd		Metcash Ltd	
	Score	Perceived threats	Score	Perceived threats	Score	Perceived threats
2009/2010	2/29	High	2/29	High	NA	Low
2011	7/9	High	4.5/9	High	4.5/9	Low
2013	7/12	High	11/12	Low	7/12	Low
2016	9/9	Low	9/9	Low	8/9	High

As evidenced in Section 6.3, ZV is still advocating to mandate palm oil labelling. ASGI’s disclosures on issues of concern of ZV (Specific Issue 4: The organisation is using RSPO CSPO; and Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil) is anticipated to sustain between 2010 and 2017.

Based on the discussion above the following is proposed:

P2: Whilst Wesfarmers will provide no disclosure pertaining to WWF’s concerns from 2013 onwards and Woolworths from 2016 onwards, Metcash’s disclosures pertaining to WWF’s concerns will increase after 2016. Conversely, the sample organisations’ disclosures pertaining to ZV’s concerns will sustain between 2010 and 2017.

Regarding legitimisation strategies, O'Donovan (1999) states that for organisations to manage legitimacy effectively, one of the factors they must consider is what disclosure options are available and suitable for managing legitimacy. ‘Suitable’ disclosure options, as discussed in Chapter 5, could include disclosures that seek to inform the “relevant public” about (actual) changes in the organisation’s performance and activities (Lindblom 1994). Any disclosures which will potentially pose ‘threats’ to organisation’s survival will be excluded from the reports. Accordingly, it is anticipated that “suitable” disclosure options will be executed by the managers to shift community perceptions back in favour of the organisations.

Therefore, it is predicted that the sample organisations will only be motivated to provide information about the existence of particular governance policies to highlight their efforts. Conversely, no disclosure will be provided about the non-existence of

particular governance policies as such disclosure is perceived as posing potential “threats” to organisational legitimacy¹⁰⁹.

Hence the third proposition in this study is:

P3: Between 2010 and 2017, the sample organisations’ disclosure will focus on sustainable palm oil use-related governance policies that will be/are in place within the organisations.

Further, according to Deegan and Blomquist (2006), to appear “legitimate”, business organisations will align themselves with other organisations, namely the IGs, who in themselves appear to have acquired a degree of legitimacy in the wider community. That is, business organisations will take the opportunity to become identified with the IGs in gaining a “symbol of legitimacy”. A similar result was reported by Fiedler and Deegan (2007). They found that management believed that collaboration with a recognised environmental IG enhanced the organisation’s perceived legitimacy in the eyes of various stakeholder groups.

It is herein predicted that, as a legitimacy strategy, the sample organisations will disclose their alignments with recognised/reputable IGs within the palm oil industry, particularly the RSPO (Specific Issue 3), WWF, ZV and the Consumer Goods Forum¹¹⁰.

Accordingly, it is proposed that:

P4: To gain a “symbol of legitimacy”, the sample organisations will disclose their alignments with recognised/reputable IGs working in the palm oil industry.

6.4.3 Institutional theory

Institutional theorists assert that an ‘organisation’ is an institutionalised form and as such, its activities (inclusive of disclosure) are restricted by both implicit and explicit

¹⁰⁹ Again, it must be stressed that this research does not seek to assess/explain the actual performance of ASGI. Rather, this research is concerned with the issue of ASGI’s accounting and accountability practices in relation to palm oil use.

¹¹⁰ A brief introduction on The Consumer Goods Forum and its initiatives within the palm oil industry has been provided in Chapter 4.

institutional influences and/or pressures. Scott (2008) identifies three elements of institutional influences - the regulative, normative and cultural-cognitive influences. Multiple institutions are often known to exist within a particular industry, field of endeavour or environment, such as financial and non-financial resource providers, regulators, professional bodies and community-based interest groups. The interests and powers of these institutions will vary and change over time. Any of these 'social actors' could impose regulative, normative or cultural influences over a focal organisation.

While government's decision on Recommendation 12 from the 2011 Review of Food Labelling Law and Policy has been delayed in the foreseeable future, it is apparent that potential regulative force will apply to ASGI. Accordingly, the sample organisations may feel that they *have to* reflect perceived consonance with such (potential/attempted) regulative influence.

Furthermore, ASGI is facing normative pressures following the release of WWF's bi-annual scorecards since 2010. These scorecards have arguably reflected the social obligations that ASGI should embrace. They also act as an accreditation mechanism in evaluating ASGI's performance/progress towards the use of 100 per cent RSPO CSPO.

Moreover, WWF initiated a collaboration with The Australian Food and Grocery Council (AFGC)¹¹¹ in 2010. This collaboration aims to provide a springboard to increase the supply of CSPO to the Australian market in the quest to achieve a more sustainable future (Net Balance Foundation 2013). AFGC affirmed its support for RSPO by joining RSPO in 2010. The collaboration between WWF and AFGC in advancing the use of RSPO CSPO may also create a good standard practice for palm oil use in Australia. Accordingly, to reflect the level of normative support, the managers may feel that they *ought to* conform to societal norms and values which are deemed to be "the right things to do" in regard to palm oil use.

¹¹¹ Founded in 1995, the Australian Food and Grocery Council (AFGC) is a membership-based industry association which represents the manufacturers and suppliers behind Australia's food, beverage, and grocery brands. It is the largest and most respected voice of the Australian consumer goods industry (Australian Food and Grocery Council 2017).

From the cultural-cognitive standpoint, the Australian community generally follows a Western “value system” where the emphasis is on sustainable development. As stated in Woolworths Sustainability Report 2010 (page 8), to improve its understanding of the attitudes and behaviour of customers who buy “green” goods, Woolworths conducted a Green Shopper Survey with 1,000 customers. It emerged that 84 per cent of them surveyed expressed concern about the impact of their shopping decisions on the environment.

Consistently, a survey conducted by CHOICE found that 70 per cent of Australian consumers think it is important that palm oil is labelled separately on ingredients lists and it is important to them that the origin is known. Similarly, according to Hegerty (2012):

In a survey commissioned by the Australian Food and Grocery Council (AFGC), around 85 per cent of shoppers said they are concerned about the impact of their supermarket shopping on the environment. Furthermore, 93 per cent believe retailers have an important responsibility to reduce that impact.

To emphasise the importance of sustainable development, Dr Stuart Palmer - the Head of Ethics of The Australian Ethical Investment Ltd, released an article about some of the questions the company looks at when assessing investments in supermarkets. One of the questions he included in the article is (Palmer 2015):

How does the supermarket manage its supply chain – both to ensure fair treatment of suppliers and to reduce negative social, animal and environmental impacts of production?

The Western culture in which ASGI operates is expected to influence the sample organisations to prioritise their commitments to use sustainably sources palm oil - the way how these things are done. That is, the organisations will *want to* reflect their cultural alignment with the shared Australian community perceptions on issues pertaining to palm oil use.

Taken together, there is an expectation that the above institutional influences (regulative, normative and cultural) would induce some form of disclosure from the

sample organisations that is consistent with Scott (1995) notion of legitimacy - 'a condition reflecting cultural alignment, normative support, or/[and] consonance with relevant rules or laws' (1995, p. 45).

Prior empirical research proposes that organisations which are subject to similar institutional influences will adopt similar practices, inclusive of disclosures, in a manner that is consistent with DiMaggio and Powell (1983) concept of isomorphism (see, for example Islam & Deegan 2008; Loh, Deegan & Inglis 2014). While it is expected that the sample organisations will respond to institutional influences to maintain their legitimacy at a fairly similar point in time (after the emergence of WWF and ZV's initiatives in the late 2000s), it is nonetheless expected that there will be some heterogeneity in their disclosure trends between 2010 and 2017. This argument is grounded on the institutional context in which ASGI operates.

As outlined in Section 6.3, in general the degree of pressure imposed by the institutions - in this case, WWF and ZV (via various initiatives) - on the three organisations differ over the past decade. WWF has shined a spotlight on the duopoly since 2010; and Woolworths in particular after Wesfarmers led the Australian organisations on WWF Scorecard 2013. ZV has also specifically mentioned Woolworths in its Don't Palm Us Off 2010 reports. It is, therefore, expected that Woolworths' overall disclosure responses (in terms of the number of specific issues disclosed) will be more extensive than Wesfarmers and Metcash.

None of these IGs (and media groups) has specifically mentioned Metcash during the recent decade. Given Metcash's market share of the total ASGI revenue and its palm oil use¹¹² is considerably smaller than the duopoly, the pressures imposed by the institutions on Metcash is thus considerably less than the duopoly. This study, therefore, predicted that subsequent to WWF and ZV's initiatives, Metcash's disclosure responses will be a little behind (lag) those of the duopoly.

¹¹² According to WWF Scorecard 2013, Metcash's annual palm oil used was only 43 tonnes while Woolworths' and Wesfarmers' were 5,700 tonnes and 6,813 tonnes, respectively. In fact, as one of the 130 organisations WWF assessed (and reported on the annual volume of palm oil used), Metcash appeared to have the smallest volume of annual palm oil used (WWF 2013).

Therefore, it is proposed that:

P5: Despite operating within the same industry with similar institutional influences, the disclosure trends of the sample organisations over the recent decade will be different.

6.5 Research method

To investigate the disclosure trends of ASGI, this study analyses Woolworths', Wesfarmers' and Metcash's POUD practices by examining their annual and/or sustainability reports from 2008 to 2017 inclusive. The researcher focused on the annual and sustainability reports for the following reasons. These avenues are constant throughout the period of analysis and thus enable the study to understand the dynamics of ASGI's POUD across time. Annual reports are widely recognised as the principal disclosure avenue for corporate communications and contain highly credible information (Farneti & Guthrie 2009). Today, it has become a global trend for organisations to include CSD in their annual reports (KPMG 2017). As traditional statutory documents, annual reports are easily accessible by various stakeholders where year on year comparisons are made relatively easily. It is noted here that Metcash did not produce any separate sustainability reports in the analysed period.

Woolworths and Wesfarmers, on the other hand, did not provide POUD in their annual reports but did so in their sustainability reports. It is not uncommon for organisations to provide CSD via sustainability reports since such reports are arguably published to deliver more comprehensive information about the sustainability issues (environment, economic, health and safety (Haque & Deegan 2010). The results documented in Chapter 4 also provide evidence that researchers should perhaps not overly rely on annual reports when doing SEA research. As proposed by Tagesson et al. (2009), a sustainability report is used not only by shareholders and investors but a broader range of stakeholders including trade associations, consumer groups, intergovernmental agencies and NGOs. Similarly, O'Dwyer, Unerman and Hession's (2005) study on users/stakeholders' needs in sustainability reporting in Ireland did emphasise there is a widespread demand for mandated, externally verified sustainability reports. Hence, this study proposes that a review into the year-on-year sustainability reports (particularly for Woolworths and Wesfarmers) is essential to obtain a more holistic picture of ASGI's disclosures. In the result section, in analysing

the POUD made by Metcash, the researcher refers to its annual reports while Wesfarmers and Woolworths' data are in their sustainability reports.

All annual and sustainability reports released by the three organisations from 2008 to 2017 were obtained via their websites and that of the Australian Securities Exchange. This 10-year period was chosen for three reasons. First, Wesfarmers purchased Coles Supermarkets in 2007/8. To eliminate any inconsistency in organisational structure and associated disclosures policies for Coles Supermarkets before and after the acquisition, conducting the study with 2008 as the starting point is the most appropriate. Second, this study intends to explore management motivation for POUD. Doing so will enable the researcher to explain changes in disclosures across time. Third, this study predicts that, as reflected in Proposition 1, the sample organisations will not provide POUD before 2010.

Content analysis is employed in this study consistent with prior SEA research that primarily uses this method to examine managers' motivations for SEA disclosure practices (Owen 2008). In analysing the reports, the content analysis instrument/disclosure index developed in Chapter 4 - Scorecard for Sustainable Palm Oil Sourcing (SSPOU) - was employed. The SSPOU is reproduced, in Table 6.3, with specific issues that are the concerns of WWF and ZV shown in bold italics.

A key word or term search was undertaken when reviewing the annual reports and sustainability reports, including 'palm oil', 'supply chain', 'vegetable oil', 'vegetable emulsifiers', 'deforestation', 'peatland', 'high conservation value forests', 'product labelling' and 'RSPO'. During the coding process, this study was also opened to creating additional disclosure items should it become apparent that other specific issues were the subject of corporate disclosure.

As in Chapter 4, the focus of the analysis is on the presence or absence of palm oil use-related disclosures. If an organisation disclosed information about a specific issue that will be/is (will not be/is not) in place, then it is regarded as a presence of disclosure pertaining to the specific issue; otherwise an absence of disclosure pertaining to the specific issue.

Table 6.3: Scorecard for Sustainable Palm Oil Sourcing (SSPOU) (with the specific issues that are of concerns of WWF and ZV shown in bold italics).

General themes	Specific Issues
A) Commitments to protecting natural capital	1. A public commitment to use palm oil that does not contribute to deforestation.
	2. A public commitment to use palm oil that does not contribute to new conversion of peatlands.
B) Commitments to using RSPO CSPO	3. <i>The organisation is a member of RSPO.</i>
	4. <i>The organisation is using RSPO CSPO.</i>
	5. <i>A public commitment on a time-bound plan to use 100% RSPO CSPO.</i>
C) Reporting progress	6. <i>The current annual total amount (in volume) of palm oil the organisation is using.</i>
	7. <i>The current annual percentage or total amount of RSPO CSPO the organisation is using.</i>
	8. <i>The RSPO certified supply chain option(s) the organisation is using.</i>
	9. <i>The proportion or amount purchased with each RSPO certified supply chain option.</i>
D) Palm oil use-related policies	10. <i>Labelling of palm oil on private-label food products that contain palm oil.</i>
	11. Implementing traceability to mill or plantation.
	12. Reducing GHG emissions within its palm oil supply chain.
	13. Working with suppliers to ensure palm oil use-related commitments (Specific Issue 1, 2, 4 and 5) are achieved.

6.6 Results

In providing the results of this investigation, this study will consider each proposition in turn. They are discussed in more detail below.

6.6.1 Proposition 1

Proposition 1 predicted that the sample organisations will commence to provide disclosures on the issues of concern as elicited by WWF and ZV¹¹³ after 2009. The findings are, overall, supportive of P1. All the organisations did not provide POUD before 2009. More specifically, Woolworths and Wesfarmers commenced to provide disclosures on issues of concern of WWF and ZV in 2010; while Metcash began this process in 2011.

Metcash prepares its annual reports with a financial year ending on 30 April. That is, the reporting period for its 2010 report ended on 30 April 2010, just a month after the release of WWF Scorecard 2010. Moreover, Metcash was not scored in WWF Scorecard 2010 but the subsequent WWF Scorecard 2011. The above information might explain why Metcash did not provide POUD in 2010 but did so in 2011. POUD trends of the three organisations between 2008 and 2017 are shown in Table 6.4.

As can be seen from Table 6.4, between 2010 and 2017, the POUD provided by the sample organisations are limited to the issues of concern as raised by WWF and ZV. The exception was Woolworths, which also provided disclosure on Specific Issue 1: A public commitment to use palm oil that does not contribute to deforestation. As discussed in Chapter 4, Woolworths' disclosure on Specific Issue 1 is related to its membership of the Consumer Goods Forum, which is also consistent with Proposition 3 (see below for further discussion). The sample organisations neither provided disclosures related to Specific Issue 2, 9, 11, 12 and 13 (information beyond WWF and ZV's expectations) nor additional information beyond the 13 specific issues within the disclosure index.

¹¹³ As noted in Section 6.3, whilst ZV's concerns remain unchanged since 2009 (Specific Issue 4: The organisation is using RSPO CSPO; and Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil), WWF's concerns are increasing following the release of each of its subsequent scorecards. The issues of concern of WWF in 2010 are reflected in the SSPOU as: Specific Issue 3: The organisation is a member to the RSPO; Specific Issue 4; and Specific Issue 5: A public commitment on a time-bound plan to use 100% RSPO CSPO. Between 2011 and 2013 (while WWF's concerns about Specific Issues 3 to 5 were maintained), WWF's concerns increased with two additional issues: Specific Issue 6: The current annual total amount (in volume) of palm oil the organisation is using; and Specific Issue 7: The current annual percentage or total amount of RSPO CSPO the organisation is using. After 2013, WWF issues of concern evolved to include Specific Issue 8: The RSPO certified supply chain option(s) the organisation is using; and Specific Issue 9: The proportion or amount purchased with each RSPO certified supply chain option.

Table 6.4: POUD provided by ASGI between 2008 and 2017 (with the specific issues that are of concern to WWF and ZV shown in bold italics).

Year		Specific Issues disclosed by		
		Woolworths	Wesfarmers	Metcash
Before WWF and ZV's initiatives	2008	None	None	None
	2009	None	None	None
After WWF and ZV's initiatives	2010	3,5,10	3,5,10	None
	2011	1,3,4,5,6,7,10	3,5,10	3
	2012	1,4,5,6,7,10	5	3
	2013	1,4,5,6,7,10	4	3,5
	2014	1,3,4,7,8,10	None	None
	2015	1,4,7,8,10	4	3,4,7
	2016	1,4	4	None
2017	1,4	4	3,4,7,8	

While all the sample organisations began providing POUD after 2009, Woolworths provided disclosure on the most number of specific issues between 2011 and 2015. Its POUD trend appears to be responding to the (changing) expectations of WWF and ZV¹¹⁴. For example, in 2010, its POUD focused only on Specific Issue 3, 5 and 10. It may be the case that Specific Issue 4 was not disclosed by Woolworths as it has yet to use CSPO in 2010. Further, Specific Issue 6 and 7 were only disclosed after 2010 and Specific Issue 8 after 2013. The only issue of concern of WWF that was not disclosed by Woolworths is Specific Issue 9.

In 2010, Wesfarmers provided POUD on exactly the same specific issues as Woolworths did in 2010, these being Specific Issue 3, 5 and 10. This is not surprising as both organisations were at the bottom of WWF Scorecard 2010 and commented

¹¹⁴ Again, ZV's concerns remain unchanged since 2009 (Specific Issue 4: The organisation is using RSPO CSPO; and Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil). The issues of concern of WWF in 2010 are reflected in the SSPOU as Specific Issue 3: The organisation is a member to the RSPO; Specific Issue 4; and Specific Issue 5: A public commitment on a time-bound plan to use 100% RSPO CSPO. Between 2011 and 2013, WWF's issues of concern have increased by two, these being Specific Issue 6: The current annual total amount (in volume) of palm oil the organisation is using; and Specific Issue 7: The current annual percentage or total amount of RSPO CSPO the organisation is using. After 2013, WWF issues of concern included: Specific Issue 8: The RSPO certified supply chain option(s) the organisation is using; and Specific Issue 9: The proportion or amount purchased with each RSPO certified supply chain option.

on by WWF and the media. Nonetheless Wesfarmers' POUD in the subsequent years were significantly less compared to Woolworths' (to be further explained shortly in Section 6.6.2). Specific Issue 4, which concerns both WWF and ZV, appeared most frequently and it is also the only specific issue provided by Wesfarmers in the years 2013, 2015, 2016 and 2017. Overall, between 2010 and 2017, the POUD provided by Wesfarmers were arguably limited to the minimum requirements as stipulated by WWF (Specific Issue 3, 4 and 5) and the concern of ZV (Specific Issue 4).

Metcash's POUD were also significantly less than Woolworths, except for the year 2017 (to be explained shortly). Despite providing very minimal POUD, overall Metcash's POUD trend appeared to be a response to the changing expectations of powerful surrogate stakeholders. For instance, while providing information pertaining to Specific Issue 3 and 5 before 2013, Specific Issue 7 and 8 were not disclosed until WWF "asks" the palm oil users to do so via the WWF Scorecard 2013. Interestingly, there were nil disclosures in 2014 by both Metcash and Wesfarmers; and in 2016 by Metcash (to be discussed shortly in Section 6.6.6).

As discussed earlier, WWF and ZV's initiatives (and negative media coverage) led to public focus on sustainable palm oil use. Consistently, within the sample organisations' corporate reports, there is an increased emphasis on meeting the public/consumers' expectations. To protect them from further negative media coverage, potential customer boycott and government intervention, the sample organisations highlighted in their disclosures that they have changed their operations.

For example, in 2010 and 2011, Woolworths' POUD were reported under the heading "Issues of public interest". Woolworths informed its stakeholders that its palm oil labelling policy (Specific Issue 10) does comply with its customers' expectations, as cited in its Sustainability Report 2010 (p. 13):

Woolworths has added palm oil and derivatives greater than 5% on pack labelling for all private label products to facilitate customer choice.

Again, in its 2014 report, Woolworths highlighted its compliance with customers' demands on issues pertaining to its palm oil labelling policy, as follows:

Our customers have told us they want to know when palm oil is used in our products, so we are labelling all the oils used in our products.

In 2011, Wesfarmers stressed that its palm oil labelling policy (Specific Issue 10) did comply with the expectations of customers and the government, as revealed in the following excerpt:

In April 2011, we appeared at the Senate hearing on the Food Standards Amendment (Truth in Labelling – Palm Oil) Bill 2010. We continue to clearly label palm oil where it is used in Coles brand products rather than using the term blended vegetable oils, as we believe this makes it easier for our customers to make an informed purchasing decision (Sustainability Report 2011 p.32).

Metcash disclosed, in its Annual Report 2013 (p. 12), that it ‘works with suppliers on issues raised by consumers to ensure its private-label products continue to improve. These issues include the statement that it ‘will switch to 100% sustainable palm oil by 2015’ (Specific Issue 5).

These findings are consistent with the prediction (as presented in Figure 6.1) that WWF and ZV’s initiatives led to increased public and political focus, which in turn led to corporate disclosure responses.

6.6.2 Proposition 2

Proposition 2 predicted that whilst Wesfarmers will provide no disclosure about WWF’s concerns from 2013 to 2017 and Woolworths from 2016 to 2017, Metcash’s disclosures pertaining to WWF’s concerns will increase after 2016. Conversely, the sample organisations’ disclosures pertaining to ZV’s concerns will sustain between 2010 and 2017.

The results are largely supportive of P2. As can be seen in Table 6.4, Wesfarmers did not provide disclosure on issues of concern of WWF from 2013 to 2017, and

Woolworths from 2016 to 2017. Metcash's disclosures on WWF's concerns, nonetheless, increased after 2016.

The sample organisations' disclosures pertaining to Specific Issue 4: The organisation is using RSPO CSPO were sustained. This remained the case even after Woolworths and Wesfarmers achieved high scores on WWF scorecards. This coincides with Proposition 2 which predicted that ASGI's disclosures on ZV's concerns will remain, given that ZV's pressures on the industry have been in place since the late 2000s.

In regard to Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil - which is ZV's main concern - Woolworths and Coles but not Metcash disclosed their labelling policies in their corporate public reports immediately after ZV's Don't Palm Us Off campaign in late 2009. Possibly, in the later years, the managers perceive product labels as a more suitable disclosure avenue because of stakeholders' attempt to get the government to legislate on compulsory labelling of palm oil. Accordingly, in the subsequent years, instead of disclosing this issue in their public reports, the organisations provided the information on their product labels. This presumption is evidenced by the results from Chapter 4, which suggest that all the sample organisations do demonstrate a sound level of accountability pertaining to Specific Issue 10 via their product labels.

6.6.3 Proposition 3

Proposition 3 predicted that between 2010 and 2017, the sample organisations' disclosure will focus on sustainable palm oil use-related governance policies that will be/are in place within the organisations. As expected, all the POUD provided by the organisations referred to particular governance policies in place. That is, the study did not discover disclosures, from any of the organisations, about the non-existence of particular governance policies.

6.6.4 Proposition 4

Proposition 4 predicted that to gain a "symbol of legitimacy", the sample organisations will disclose their alignments with recognised/reputable IGs working in the palm oil

industry. Consistent with Proposition 4, to receive a “symbol of legitimacy”, all the organisations provided information about their alignments to recognised/reputable IGs, particularly RSPO, WWF, ZV and the Consumer Goods Forum.

In the first two years of its reporting on POUD (2011 and 2012), the only issue attended to by Metcash was Specific Issue 3 - it is a member of the RSPO, as follows:

Metcash is implementing a Palm Oil Action Plan in accordance with RSPO’s Principles and Criteria for Sustainable Palm Oil Production. (Annual Report 2012 p. 9).

Similarly, Woolworths and Wesfarmers disclosed their membership with RSPO (Specific Issue 3) in 2010 and 2011, respectively. Woolworths emphasised its alignment with WWF and ZV on issues pertaining to its palm oil sourcing policy, as follows:

Engagement with WWF and Zoos Victoria on the use and labelling of palm oil on our products led to review of our palm oil policy and our commitment to labelling and sourcing sustainable palm oil (Woolworths Ltd Sustainability Report 2010 p9).

In 2011, Woolworths disclosed its alignment with RSPO on the implementation of its sustainable palm oil policy. Since 2011, Woolworths has indicated its commitment to zero deforestation within its palm oil supply chain (Specific Issue 1), which aligns with the Consumer Goods Forum as follows:

Woolworths is a member of The Consumer Goods Forum and a signatory to its Board resolution to achieve zero net deforestation through the consumer goods supply chain by 2020 through sourcing commodities like palm oil, soya, beef, paper and board in a sustainable fashion.

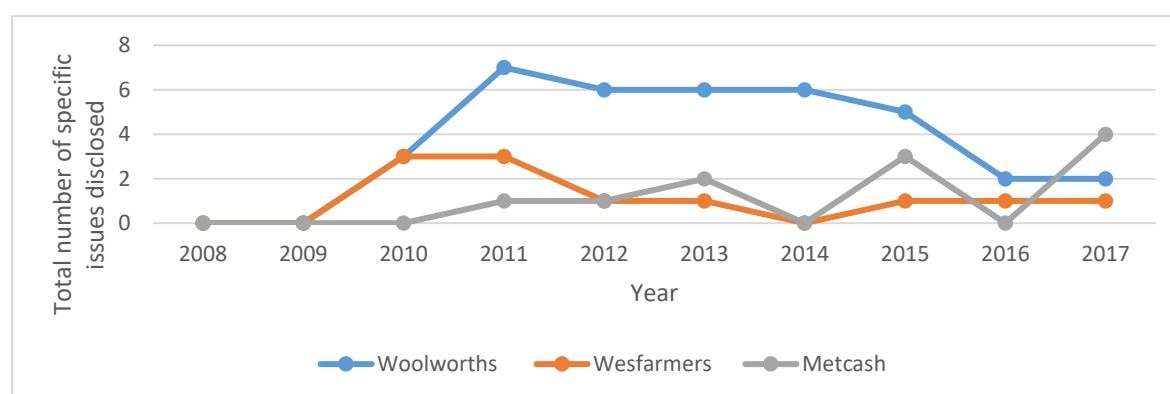
Equally, in its Sustainability Report 2016, Wesfarmers included a statement from Paul Toni - the Conservation Director of Sustainable, WWF, to inform stakeholders about its association with WWF:

WWF encourages companies like Coles, who have made a commitment to 100 per cent CSPO, and looks forward to continuing its support for their progress on this journey.

6.6.5 Proposition 5

Proposition 5 predicts that the disclosure responses of the sample organisations over the 2008-2017 decade will be different. The findings, as shown in Figure 6.2, are largely supportive of P5.

Figure 6.2: Total number of specific issues disclosed by the sample organisations between 2010 and 2017.



In 2010, as the duopoly faced the same degree of institutional pressures (specifically from WWF), both Woolworths and Wesfarmers provided information on Specific Issues 3, 5 and 10. Nonetheless, as predicted, Woolworths' POUD were more extensive and detailed (in terms of the number of specific issues disclosed) than Wesfarmers in the subsequent years. Consistent with P5, Metcash's disclosure responses were a little behind compared to the duopoly. That is, the duopoly commenced to provide POUD in 2010, while Metcash only did so a year later in 2011.

Given the institutional influences (regulative, normative and cultural) in place, it is obvious that there would be disclosures published by the sample organisations in an endeavour to maintain/enhance organisational legitimacy. While institutional influences drive corporate public disclosure, the differences in the extent of disclosure of the sample organisations observed in this part of the research cannot simply be

explained by the existence of institutional influences. Arguably, it is the degree of pressures imposed by the institutions (WWF, ZV and to some extent, the media) that leads to heterogeneity in the disclosure trends exhibited by the sample organisations.

6.6.6 Additional interesting finding

Emergence of a new (significant) legitimacy “threat” during the period of study

Wesfarmers provided POUD in its sustainability reports under the heading of ‘Ethical Sourcing’. There were no POUD in its 2014’s sustainability report. Nonetheless, the researcher noticed a significant increase in Wesfarmers’ disclosures regarding its garment supply chain sourcing-related governance policies in 2014’s report compared to its previous years’ disclosures. Possibly, no POUD is included in the 2014 report because a new significant “threat” arose which was directly related to a major incidents in Bangladesh’s ready-made garment industry. Specifically, this was the collapse of Rana Plaza in April 2013, which was considered one of the world’s worst industrial disaster.

While Wesfarmers’ disclosures on its garment supply chain sourcing policies are beyond the scope of this study (thus no further details will be discussed), this interesting finding does suggest that Wesfarmers’ disclosures are somehow reconciled to the notion of social contract embraced within legitimacy theory. An organisation, at any time, might be subject to numerous legitimacy threats. It will react, as suggested by legitimacy theory, to these threats depending on the perceived possible damage each threat might posit. Essentially the collapse of Rana Plaza, which garnered massive media attention, was perceived by Wesfarmers’ management as a (new) significant legitimacy threatening incident. SEA (specifically disclosures about its actions undertaken with regards to its business operation in Bangladesh) was strategically used by the management in 2014 to counter the possible damage. As stated in Wesfarmers’ Sustainability Report 2014 (p. 11):

Our divisions with significant business in Bangladesh, Target and Kmart, signed the Accord on Fire and Safety in Bangladesh (Accord). This year, Target and Kmart worked with the Accord to ensure factories satisfy required standards for fire and building safety systems.

Consistently, prior research also suggests that legitimacy threatening incidents can influence corporate responsiveness, inclusive of disclosure responsiveness (Milne & Patten 2002).

6.7 Discussion and concluding comments

In this study, and through examining ASGI's POUD over the 2008-2017 decade, the researcher sought to explain ASGI's motivations for POUD. The SSPOU (the disclosure index developed in Chapter 4) was used to analyse ASGI's current POUD, and changes in POUD across time. In so doing, and with a trilogy of theories (stakeholder, legitimacy and institutional theory), the study addressed the two research questions proposed by this phase.

In relation to RQ5, this phase has provided evidence that the sample organisations started providing information on issues that concerned WWF and ZV - the powerful surrogate stakeholders - in either their annual reports or sustainability reports after 2009. These findings are consistent with Proposition 1 that was based on the insights of stakeholder theory. The implication here is WWF and ZV's awareness-raising initiatives (and, perhaps the complementary role of media) have created a new environment - heightened public support and government focus for sustainable palm oil use - which may, in turn, influence ASGI's economic performance. Accordingly, ASGI responded to the changing public and political expectations, surrogated by WWF and ZV, to ensure that they receive support of the key stakeholders (the consumers, in particular) essential for their existence.

Stakeholder theory offers a rich understanding on why ASGI commenced to provide POUD after 2009. Nonetheless, it is unable to explain the extent and the nature of POUD provided by ASGI across the 2008-2017 decade. Furthermore, it does not offer insights to the different POUD trends displayed by the sample organisations over the period under study. Hence, the study considered also legitimacy theory and institutional theory in an endeavour to better understand and explain ASGI's motivations behind POUD.

As predicted in Proposition 2, the extent (the number of issues disclosed) of POUD provided by ASGI is directly influenced by the degree of legitimacy threat perceived by the managers. The results indicate that the number of issues disclosed by these organisations declined after achieving a high/full score on WWF scorecards (Wesfarmers for 2013 and Woolworths for 2016).

In terms of the nature of POUD, ASGI only provides disclosures on the existence of particular governance policies within their operations. Additionally, the organisations attempted to align their palm oil sourcing-related policies with reputable/influential IGs within the palm oil industry. Such alignment is suggested by Deegan and Blomquist (2006) as helping to obtain a “symbol of legitimacy”. Since only suitable disclosure options (where the organisations could be favourably portrayed) were employed by ASGI, it appears evident that POUD are used strategically by ASGI to publicise their actions undertaken in an effort to win support. That is, to secure/re-establish corporate legitimacy rather than demonstrating genuine accountability to the wider society.

Despite subject to the same institutional influences, the study found different POUD trends amongst the sample organisations between 2010 and 2017. That is, although these organisations are subject to the same regulative, normative and cultural-cognitive influences, the management exuded different attitudes and approaches, including disclosure practices. The implication here is the varying degrees of pressure imposed by the institutions (in this case, WWF and ZV) on each organisation have led to heterogeneity in the POUD trends exhibited by all three organisations.

Reflecting upon the disclosures provided by ASGI, Phase 3 finds support for all propositions developed. The theoretical perspectives applied here - a joint consideration of stakeholder, legitimacy and institutional theory - have subsequently, provided insights into ASGI’s disclosures/non-disclosures on particular palm oil use-related governance policies. In relation to RQ6, ASGI’s motives for POUD are primarily driven by stakeholder pressures/considerations, management’s motive to counter possible damage resulting from significant legitimacy threats as well as institutional influences and pressures; rather than being an indication of organisations’ genuine concern (and accountability) for the conservation of natural capital.

So we are left with the situation that although all the 13 governance policies are important, and although ASGI is able and is responsible to embrace all these policies within their operations, ASGI does not feel any great pressures to be accountable for policies other than policies expected by WWF and ZV's. Again, the SSPOU was developed based on the expectations of various IGs, not just on what WWF and ZV expected to be done. These IGs are expected to have relatively sound knowledge about the various adverse environmental impacts associated with palm oil use. Hence, the governance policies they included in their guides which, if properly executed, could assist the industry to operate in a more environmental responsible manner. Improvements in ASGI's accountability are, therefore, important for society at large and for the natural capital, particularly given that palm oil is one of the greatest forest risk commodities.

So what, if anything, can be done to improve this situation - the quest to improve ASGI's disclosures (accountability), particularly on issues beyond WWF and ZV's expectations? The results provide insights. Indications in this study of ASGI's reaction (via POUD) to WWF and ZV's expectations suggest that these IGs' awareness-raising initiatives are able to prescribe the behaviour they would expect ASGI to embrace. In essence, the major implication of this study is various IGs who have created guides (and thus identified governance policies) on sustainable palm oil use (particularly, IGs other than WWF and ZV) need to:

- first, communicate to the public on the existence and importance of the respective governance policies in ensuring the future expansion of palm oil use will have only positive outcomes; and
- second, create/heighten public awareness of the expectation gaps between stakeholders' expectations and organisations' performance.

Hence, this study emphasises that ongoing IGs' initiatives in "educating" the public to demand ASGI to accept greater responsibility is crucial in improving ASGI's accountability. Continued pressures and involvement of stakeholders, in particular the IGs, consumers/community and government, are essential.

The results are of direct relevance to WWF and ZV. WWF and ZV's ongoing discussion with the community (via their websites and possibly through the media), and their ongoing monitoring (via WWF scorecard and ZV's Don't Palm Us Off campaign and petition) of the organisations' performance remain crucial in ensuring their continual commitments for sustainable palm oil use. Further, as powerful and influential surrogate stakeholders, the study suggests that WWF scorecards could consider governance policies beyond the RSPO requirements (as demanded by other IGs) which are important in ensuring the industry to operate sustainably. Specifically, this refers to organisations' commitments to use palm oil that does not contribute to deforestation and the conversion of new peatlands, and the implementation of full supply chain traceability. Further, WWF could "ask" organisations to provide POUD via their own public reports rather than via RSPO ACOP alone; or at least interested stakeholders should be informed of the ACOP submission (by providing a link) via organisations' own public reports. This is important to enable interested stakeholders to assess whether palm oil being used is being sustainably-sourced.

ZV's ongoing demand for mandatory palm oil labelling is also vital in improving ASGI's accountability. ZV's initiatives should also include the labelling of non-food products given the emerging use of palm oil in non-food products such as cosmetics, cleaning detergents and industry lubricants.

While prior palm oil industry research on managers' motives for CSD focuses only on the palm oil growers (albeit very limited as discussed in Chapter 2), Phase 3 contributes to the SEA literature by extending our knowledge - from the users' perspective - to explore why managers provide information about palm oil use. To the best of the researcher's knowledge, this is the first study to examine this important topic.

The results indicate that a trilogy of theories (stakeholder, legitimacy and institutional theory) is useful to explain the palm oil users' motivations behind POUD. Researching IGs' influences under the three theories helped captured both the general and specific legitimacy issues involved in motivating ASGI to provide POUD. Rather than viewing these theories in isolation, as a set they appeared to explain the motivations for POUD more fully. This result can lead to the conclusion that if these theories, which have

been applied to explain POUD are viewed as distinct from one another, then important information may be missed. This finding would be useful to researchers doing further research on IGs' influences on corporate accountability and accounting (social and environmental disclosures) practices, and also for those seeking to be involved in related theory building.

This study investigated the POUD of three major Australian supermarkets. Further research could be undertaken on other palm oil users, be it other Australian organisations operating in different industries (manufacturers) or other global/multinational organisations, to see how palm oil users react to IGs' initiatives fluctuate internationally and by sector. If research shows that, for example, in countries with less public focus on the conservation of natural capital (perhaps because they do not have active WWF or ZV), there is an ongoing absence of POUD (including product labelling policy), then this has obvious relevance to IGs. That is, the findings will provide further impetus on IGs' ability to create the demand for change - increased organisational accountability demonstrated by palm oil users - which is important for the conservation of natural capital.

CHAPTER SEVEN. CONCLUSION

7.1 Introduction

This thesis explores the issue of supermarkets' accountability pertaining to palm oil use. From a normative theoretical perspective, Phase 1 of the research involves examining the notion of 'accountability' in depth and at a general level. The results lead to the development of a generalisable 'model of accountability'. With the accountability model proposed in Phase 1, Phase 2 then performs an assessment on the current accountability level demonstrated by ASGI in relation to the use of palm oil as an ingredient within their private-label products. The third and the last phase of this research, which flows from Phase 2, investigates the reasons for the low level of accountability being demonstrated by ASGI. More specifically, Phase 3 seeks to understand and explain ASGI's potential motives for POUD.

This concluding chapter of this thesis provides an overview of the findings and original contributions of this thesis. Research limitations will then be presented, followed by further potential directions for this area of research.

7.2 Research findings and original contributions

Three inter-related phases are investigated in this broader research. Each phase of the broader research has particular implications within the environmental accounting literature as it focuses on a specific environmental issue - that of supermarkets' accounting (disclosure) and accountability practices pertaining to palm oil use - an area which has not received attention in this literature. A summary of the main findings and implications of the findings; as well as the contributions of the research are presented separately for each phase, as follows.

Phase 1

The focus of Phase 1 is to propose a generally applicable accountability model that identifies the key factors/questions that an individual/stakeholder/manager might consider when making a judgement about the accountability that should be demonstrated by an organisation. This phase starts by analysing some widely used

definitions of accountability available from various academic disciplines (including accounting), from the accounting profession, and from dictionaries.

In relation to RQ1, the results from this phase show that the various definitions/descriptions of accountability tend to share much in common in terms of there being a hierarchy of considerations/steps that need to be addressed as part of evaluating, or applying, the idea of 'accountability'. These steps can be summarised in terms of judgements, or decisions, about:

- (1) **Why** accountability should be demonstrated?
- (2) **To whom** should accountability be demonstrated?
- (3) **For what** aspects of performance should accountability be demonstrated?
- (4) **How** (or where) should the accountability be demonstrated?

In relation to RQ2, the steps identified in the accountability model suggested by Deegan do seem to be reflected in the descriptions/definitions of accountability provided in the literature. Whilst the review of the various normative perspectives of accountability leads to a somewhat unified model of accountability (in terms of the nature of the judgements that need to be made in assessing accountability), the application of this model (requiring answers to the 4 key considerations) can lead to significant differences in opinions about the nature of accounts that particular entities *should* prepare. The opinions will be influenced by the judgements/values of those making the assessment.

This phase contributes to the literature by promoting an accountability model that the researcher believes should be utilised within accounting programs in emphasising the subjective nature of accounting. It also promotes how accountability can be *operationalised* by proposing a generic accountability framework that identifies what judgements need to be made in considering the extent of accountability that *should* be demonstrated. By focusing on the various judgements that are required to be made in assessing an organisation's accountability (ultimately in the specific case of this research, the accountability of supermarkets in relation to palm oil use), this study encourages others – including teachers of accounting – to reflect upon their own perspectives about the accountabilities of various organisations, and how the

judgements they made (in terms of the issues of *why? to whom? for what? and how?* proposed by the accountability model) might differ to those made by others.

The major practical implication here is that the accountability model proposed could be used by business organisations in the process of determining what accountability *should* be demonstrated; and by various stakeholders in assessing the accountability that has been demonstrated by an organisation/industry.

Phase 2

Using a combination of content analysis, survey of stakeholders and field surveys, this phase assesses the accountability being demonstrated by Australian supermarkets in relation to the use of palm oil as an ingredient within their private-label products. The accountability model proposed in Phase 1 is utilised, as a frame of reference, to prescribe lists of assessment criteria, namely:

- a disclosure index (on *what* information ASGI *should* provide), SSPOU, with thirteen specific sustainable palm oil use-related corporate governance issues; and
- a prescribed list with five disclosure avenues (on *how* ASGI *should* demonstrate the information).

These assessment criteria are formulated on the basis of eight 'expert guides' provided by various community-based IGs, in a manner that is consistent with Rubenstein's (2007) idea of 'surrogate accountability'. Surveys were conducted to elicit opinions from seven experts (attached to different IGs) to validate the comprehensiveness and credibility of the assessment criteria developed. In doing so, Phase 2 provides an answer to RQ3 on what and how information about palm oil use-related corporate governance practices should be disclosed by ASGI.

To address RQ4, the SSPOU developed is utilised to assess the current level of accountability demonstrated by Australian supermarkets within their annual reports, sustainability reports, corporate websites, ACOP reports and products labels. The findings indicate that the accountability demonstrated by ASGI was low.

This study extends our knowledge to an unexplored area - how ASGI voluntarily (and publicly) reports on sustainable (or unsustainable) palm oil use. The study emphasises how oil palm forest proliferation has had deleterious impact on various important and significant ecosystems, and how various palm oil use-related governance policies exist which, if properly executed by palm oil users, can transform the markets by making sustainable palm oil the norm. Organisations, such as supermarkets, owe an accountability to stakeholders in terms of their efforts undertaken (or not) to ensure the use of sustainable palm oil in the products they sell. The results, however, indicate that the accountability level discharged by ASGI via their own publicly available disclosure avenues falls short of the 'best practice' disclosures identified in this phase (captured in the SSPOU). While some palm oil use-related governance policies have been reasonably well-disclosed, none of the sample organisations provided information across the majority of the issues identified in the SSPOU.

The implication of the research findings is that with the low level of accountability currently being demonstrated via their own public reports, it is less likely that interested stakeholders are able to determine how ASGI is dealing with sustainable palm oil use. Consequently, stakeholders are unable to make informed decisions about whether or not to support an organisation. This study, therefore, concludes that ASGI's improvements in accountability are both possible, and very necessary to assist in transforming the market and making sustainable palm oil the norm.

Because of the growing significance of the sustainability agenda associated with unsustainable palm oil use, the 'best practice' disclosure index developed would be of relevance to any palm oil users seeking to demonstrate accountability in this very specific area of disclosure. According to the IGS' guides and the participants in this study, palm oil users should address the respective issues and disclose related information to assist interested stakeholders in the assessment of their palm oil use-related commitments/actions. Hence, this index provides a benchmark of issues that palm oil users can use to assess the potential completeness of their own palm oil use-related governance practices, and to decide whether to make special public disclosures via their own public reports, or consider and explain publicly why certain issues are not relevant (if any) for disclosures.

While it will have its own limitations, the index provides a useful basis for evaluating disclosures and a solid basis for other researchers and practitioners to further refine and develop.

The findings from this phase sheds light on the expectation gaps between stakeholders' expectations (*what should be*) and ASGI's current accountability practices (*what actually is*). This raises the issue about the responsibilities of powerful and influential stakeholders, such as the regulators and standard setters (such as IGs), searching for the best way to shape policies and regulations to ensure responsible use of palm oil that conserve the "finite" natural capital, in particular the pristine rainforests that are home to the numerous planet's biodiversity.

Phase 3

While Phase 2 is descriptive and explorative in nature (mostly devoted to answer 'what' rather than 'why' questions), it builds the foundation to further investigation in Phase 3 (Chapter 6). Results of Phase 2 suggests that ASGI's palm oil use-related accountability level falls well short of what might be considered representative of the ideal situation. To improve ASGI's accountability, and thus stakeholders' ability to determine the seriousness with which various governance policies are being addressed, Phase 3 investigates potential drivers that motivate ASGI to provide (or otherwise) information on palm oil use-related governance policies. To accomplish this objective, the SSPOU developed in Phase 2 is applied to the respective organisations' annual reports and sustainability reports (from 2008 to 2017) to analyse ASGI's current POUD, and changes in POUD across time.

This is the first known study that provides a longitudinal study investigating what (RQ5) and why (RQ6) ASGI provides POUD. In relation to RQ5, Proposition 1 developed in Phase 3 has provided evidence that ASGI started to provide information on issues that concerned WWF and ZV after 2009. In relation to RQ6, Proposition 2, 3, 4 and 5 have provided evidence that ASGI's motives for POUD are primarily driven by stakeholder pressures/considerations, management's motive to counter possible damage resulting from significant legitimacy threats as well as institutional influences and pressures;

rather than being an indication of organisations' genuine concern (and accountability) for the conservation of natural capital.

The results from this study help to identify a number of practical initiatives (to be presented shortly) that the researcher believes could be developed to improve ASGI's accountability. It is also the first known study that embraces a trilogy of theories (stakeholder, legitimacy and institutional theory) in determining the connection between IGs' initiatives and organisations' accounting/disclosure practices.

Based on the notion of power asserted within stakeholder theory, the results indicate that WWF and ZV's (the surrogate stakeholders) awareness-raising initiatives have led to increased public and political focus, which in turn led to corporate disclosure responses. The findings propose two potential practical initiatives. First, public awareness and the subsequent public pressure on focal organisations, together with government's intervention (via attempted legislation on palm oil labelling) are essential for IGs' initiatives to be effective (to drive corporate disclosure responses). The major implication herein is various IGs (not just WWF and ZV) who have identified particular governance policies on sustainable palm oil use need to:

- communicate to the public on the existence and relative importance of the respective governance policies in ensuring responsible use of palm oil for the conservation of natural capital; and
- create/heighten public awareness of the current expectation gaps between stakeholders' expectations (the governance policies they would expect organisations to embrace) and organisations' performance.

Hence, ongoing IGs initiatives in 'educating' the public to demand for improved accountability (particularly Specific Issue 1, 2, 11, 12 and 13¹¹⁵) are required to ensure the future expansion of the palm oil industry will have only positive outcomes.

¹¹⁵ Specific Issue 1: A public commitment to use palm oil that does not contribute to deforestation; Specific Issue 2: A public commitment to use palm oil that does not contribute to new conversion of peatlands; Specific Issue 10: Labelling of palm oil on private-label food products that contain palm oil. Specific Issue 11: Implementing traceability to mill or plantation; and Specific Issue 13: Working with suppliers to ensure palm oil use-related commitments (Specific Issue 1, 2, 4 and 5) are achieved.

Second, ZV's initiatives on mandated labelling should extend to non-food products that use palm oil, given the emerging use of palm oil in non-food products such as cosmetics and cleaning detergents (as detailed in Chapter 2).

From the notion of social contract embraced within legitimacy theory, the results indicate that POUD practices are strategically employed by the sample organisations to minimise the perceived threats to their legitimacy. In other words, ASGI's POUD appears to be motivated by wealth-creating/survival considerations, rather than any real attempts to embrace broader accountability for their activities. Henceforth, this research contends that stakeholders' continuous enforcement and monitoring of ASGI's palm oil use-related practices and associated accountability are essential for lasting change.

Further, based on the concept of institution as explained by institutional theory, the findings reveal that the disclosure responses of the sample organisations over the 2008-2017 decade are different. The findings highlighted the different degrees of institutional pressure exerted on each sample organisation over the decade as the reason leading to heterogeneity in POUD trends of the sample organisations. The theoretical implication here is that a high level of institutionalised pressure is required for a focal organisation to disclose more information. These findings have implications for powerful and influential stakeholders (particularly the IGs, the government, ethical investors, and the public at large) to initiate/continue/heighten public efforts for change – to improve ASGI's accountability on palm oil use. The view taken herein is that information provides 'power' to stakeholders in enabling them to differentiate between organisations, thus putting pressure on ASGI to accept greater accountability. This does assume that society is relatively pluralistic in nature with some level of shared power to create change (Deegan 2017). Increased accountability by palm oil users is vital in transforming the market and making sustainable palm oil the norm.

Essentially, the findings from the three phases together provide us with a comprehensive, but not exhaustive, picture to understand ASGI's accountability and accounting practices in relation to palm oil use. The study highlights to various *powerful* and *influential* stakeholders (IGs, consumers, and the government in particular) on their roles to ensure that ASGI is embracing further responsibility (and

accountability) on issues related to the palm oil use within their private-label products. This research is working on the maintained assumption that palm oil users have the ability and responsibility to help in minimising the damaging environmental impacts associated with the proliferation of oil palm plantations. Improved accountability by ASGI (and global palm oil users) can improve the sustainability agenda within palm oil industry, which in turn, will not only lead to global economic development, but also the conservation of natural capital for the current and future generations.

7.3 Research limitations

While this research has a number of implications through the research findings, there are some limitations that should be noted. The limitations primarily relate to selection of the research method, the data collection process and data analysis.

This research took the view that the ASGI organisations are able to exert greater control/influence on palm oil use-related corporate governance practices (including product labelling policies) on their private-label products over the other branded merchandise. Future research could explore the level of influence these organisations have on the sourcing and labelling practices/policies of their private-label products.

In Phase 1 of the broader research, only journal articles with more than 100 citations were selected for review. The researcher acknowledged the limitation of this arbitrary selection criterion where it could be argued that more recent papers would use a contemporary definition of accountability but would not have had the length of time to build to a large number of citations.

As discussed in Chapter 4 (Phase 2 of this thesis), the SSPOU developed considers only the single dimension of environmental implications accrued from the proliferation of unsustainable palm oil cultivation (of course, subsequent research beyond this thesis can extend this disclosure index to include social implications).

The SSPOU developed was then externally validated using a survey of experts within different IGs. The results in this phase should be considered in light of the usual methodological limitations inherent in a survey approach. For example, limited participant numbers, and the fact that it is a perceptions-based study relying on the

information provided by the respondents. Further, there is always the real possibility in studies such as this that the participants might tend to overstate their demands, or needs, for specific information – particularly if it can be obtained at no direct cost to themselves. Therefore, a ‘free-rider’ problem may arise as users’ demand may be more than what managers are prepared to disclose voluntarily.

In Phase 2, the disclosure scoring system applied via raw score has obvious limitations that must be acknowledged. For example, it gives a particular issue a score of 1 if some mention is made of a particular commitment or practice (either its existence, or an explicit recognition of its non-existence) without further consideration on the extent of discussion or explanation. More details of information provided by the disclosing organisations are not further categorised using the content analysis method. Regardless, it can be argued that such a scoring system (presence or absence of disclosure) involves a lesser degree of judgement and is, therefore, more reliable than the use of classification in which information is categorised (Milne & Adler 1999).

The coding process (for both primary and secondary data) in this research was performed, manually, by the researcher herself. The use of qualitative data analysis software, such as NVivo, may have resulted in a more efficient analysis. Interpretations and judgment by the researcher were required during the coding process to categorise the data. Subjectivity was therefore inevitable, which could lead to possible bias in the results. To reduce the likelihood that the researcher’s subjective judgement and interpretation may have led to potential bias, the coding process was closely supervised, with limited numbers of the coding were cross-checked, by a senior research supervisor who has long-term local and global experience in the field of SEA. With the supervision provided by this expert, adequate efforts were undertaken to ensure consistency while conducting the coding and categorising of data (which included corporate public reports and product labels).

Phase 3 provides results, generated by a content analysis tool within annual reports and sustainability reports. Conducting interviews with corporate managers to explore and probe their views on sustainable palm oil use could potentially provide more detailed and/or confirmatory reasons and motivations for POUD. This provides an avenue for further research on managerial motivations for voluntary disclosure which

might be useful in the quest to improve organisational accountability; and to increase stakeholders' interest in, and the demand for, information in this important area.

7.4 Future research directions

The following are some examples of issues, which stem directly from this research, that are worthy of further research.

Phase 1 of the research developed a generic accountability model. This provides a platform for further empirical research in assessing demonstrated accountability by any organisation/industry. As outlined in this research, various IGs have identified palm oil, beef, soya, leather, and timber and paper as the top five forest risk commodities. This research has addressed the issue of supermarkets' accountability in relation to palm oil use. Future research could look into supermarkets' accountability pertaining to the remaining forest risk commodities.

Sustainable palm oil use is a significant issue which merits further research. The SSPOU developed in Phase 2 introduces an instrument that can serve as a starting point for other scholars who are interested in sustainable palm oil use associated accountability research. Future research could employ the scorecard to assess the accountability level of Australian manufacturers, and other global manufacturers and retailers that use palm oil in their products. Such investigation would help to extend the robustness and applicability of the 'best practice' disclosure index. In addition, utilising the scorecard to compare the disclosure practices of organisations in different contexts (for example, developed vs. developing countries, manufacturing vs. retailing industries) can also be areas of future research. All these contexts appear relevant and important for future research given the growing importance of/concern for the issue of sustainable palm oil use in both corporate and country policy making.

The SSPOU was developed on the basis of eight expert guides provided/published by various IGs between 2004 and 2015. The findings of Phase 2 also suggest that because of the dynamic nature of indices (i.e. they may change over time), we need to constantly revisit the notion of a 'best practice' index. Therefore, future research could continue to evolve this index, by referring to expert guides released after 2015,

as more issues might be relevant and useful for stakeholders in relation to evaluating organisations' palm oil use-related practices.

Also worthy of consideration for further analysis is the applicability of the trilogy of theories in explaining supermarkets' accounting and accountability practices in other major forest risk commodities - beef, cotton, paper and pulp - which supermarkets have a significant interconnected web of business relationships with.

Given business organisations' continuing and growing demand for natural capital resources in general, and palm oil in particular, further research on the roles of influential stakeholders such as IGS, governments and consumers continues to be important. Responsible use of natural capital assist to create a sustainable market consisting of suitably produced commodities that contribute to economic and social development, and the conservation of "finite" natural capital. It is hoped that this research might encourage readers to undertake further research which ultimately contributes to a body of evidence which is compelling in creating awareness and encouraging organisations to increase their accountability; and in increasing stakeholders' interest in, and demand for, information in this important area.

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APPENDICES

Appendix 1: List of 70 scholarly articles selected for review after first screening

Area of expertise	No.	Papers selected (Authors/year of publication)	Citations (as of 6 March 2016)
Politics Science	1	Grant and Keohane (2005)	1,226
	2	Blair (2000)	967
	3	Strom (2000)	933
	4	Stokes (2005)	917
	5	Agrawal and Ribot (1999)	911
	6	Kersbergen and Waarden (2004)	874
	7	Adserà, Boix and Payne (2003)	809
	8	De Mesquita and Siverson (1995)	770
	9	O'Donnell (1998)	732
	10	Canes-Wrone, Brady and Cogan (2002)	652
	11	Black (2008)	515
	12	Ackerman (2004)	495
	13	Newell (2005)	322
	14	Frink and Klimoski (1998)	225
<i>Subtotal: 14</i>			10,348
Education	1	Linn (2000)	1,412
	2	Carnoy and Loeb (2002)	829
	3	Hanushek and Raymond (2005)	781
	4	Jacob (2005)	662
	5	Darling-Hammond (2010)	645
	6	O'Day (2002)	617
	7	Abedi (2004)	613
	8	Booher-Jennings (2005)	600
	9	Linn, Baker and Betebenner (2002)	572
	10	Alexander (2000)	515
	11	Linn (2003)	481
	12	Figlio, Getzler (2006)	412
	13	Stufflebeam (1971)	408
<i>Subtotal: 13</i>			8,547
Social Psychology	1	Lerner and Tetlock (2005)	1,654
	2	Tetlock (1983)	951
	3	Tetlock (1992)	919
	4	Tetlock (1985)	855
	5	Tetlock, Skitka and Boettger (1989)	662
	6	Tetlock (1985)	617
	7	Tetlock and Kim (1987)	565
	8	Lerner, Goldberg & Tetlock (1998)	504
	9	Tetlock (1983)	487
	10	Tetlock and Boettger (1989)	468
<i>Subtotal: 10</i>			7,682

Appendix 1 (con'd)

Area of expertise	No	Papers selected (Authors/year of publication)	Citations (as of 6 March 2016)
Accounting	1	Roberts and Scapen (1985)	893
	2	Gray (1992)	649
	3	Roberts (1991)	596
	4	Parker (2005)	528
	5	Gray et. al. (1997)	510
	6	Cooper and Owen (2007)	479
	7	Owen, Swift, Humphrey and Bowerman (2000)	441
	8	Gray, Owen and Maunder (1988)	356
	9	Ahrens & Chapman (2002)	186
<i>Subtotal: 9</i>			4,638
Economics	1	Persson, Roland and Tabellini (1997)	1,119
	2	Besley and Case (1995)	902
	3	Seabright (1996)	832
	4	Besley and Prat (2006)	748
	5	Maskin and Tirole (2004)	720
	6	Dewatripont, Jewitt, Tirole, (1999)	574
	7	Konow (2000)	562
	8	Kane and Staiger (2002)	513
<i>Subtotal: 8</i>			5,970
Public Administration	1	Mulgan (2000)	1,138
	2	Bovens (2007)	1,136
	3	Romzek and Dubnic (1987)	946
	4	Sinclair (1995)	834
	5	Koppell (2005)	477
	6	Gray and Jenkins (1993)	252
<i>Subtotal: 6</i>			4,783
Management	1	Ebrahim (2003)	706
	2	Roberts, McNulty and Stiles (2005)	594
	3	Huse (2005)	531
	4	Kolk (2008)	454
<i>Subtotal: 4</i>			2,285
General Medical	1	Davidoff et. al. (2001)	672
	2	Relman (1988)	759
	3	Daniels (2000)	413
<i>Subtotal: 3</i>			1,844
Business Ethics	1	Laufer (2003)	685
<i>Subtotal: 1</i>			685

Appendix 1 (con'd)

Area of expertise	No.	Papers selected (Authors/year of publication)	Citations (as of 6 March 2016)
Computer science	1	Weitzner et al. (2008)	401
<i>Subtotal: 1</i>			401
Law	1	Scott (2000)	530
<i>Subtotal: 1</i>			530
Total: 70			47,713

Appendix 2: List of the 19 scholarly journal papers (after secondary screening) that provide discussion on the meaning of accountability

Scholarly journal papers reviewed	Provided own definition	Cited other scholars' definitions - Source	Included in review synthesis?
Lerner and Tetlock (1999)	X		Yes
Mulgan (2000)	X		Yes
Grant and Keohane (2005)	X		Yes
Bovens (2007)	X		Yes
Romzek and Dubnic (1987)	X		Yes
Roberts and Scapen (1985)	X		Yes
Agrawal and Ribot (1999)		Lonsdale (1986)	Yes
Sinclair (1995)	X		Yes
Gray and Jenkins (1993)	X		Yes
Ebrahim (2003)	X		Yes
Gray et. al. (1997) (similar definition appear in Gray et al. 1996)	X		Yes
Parker (2005)		Gray et. al. (1997)	No
Roberts, McNulty and Stiles (2005)		Giddens (1984)	Yes
Huse (2005)		Giddens (1984), as quoted in Roberts, McNulty and Stiles (2005)	No
Ackerman (2004)		Schedler (1999)	Yes
Stufflebeam (1971)	X		Yes
Black (2008)	X		Yes
Cooper and Owen (2007)		Gray, Owen and Adams (1996)	No
Koppell (2005)		Chandler and Plano (1988)	Yes
Total	12	7	16

Appendix 3: The credentials of the eight IGs and further details about the documents they released.

1. RSPO (RSPO 2014a)

With the aim to transform the markets by making sustainable palm oil the norm, RSPO's main expectations are organisations' commitments to use RSPO Certified Sustainable Palm Oil (CSPO) and to provide information on their Time Bound Plan. That is, their internal deadlines and milestones towards the use of 100 per cent RSPO CSPO within their supply chains.

The RSPO Annual Communications of Progress (ACOP) 2014 reporting document comprises a whole list of questions which are categorised into 11 sections. It is the overall 'master report' submitted by members each year in the form of answers to a whole list of questions asked by the RSPO. The report is submitted directly to the RSPO to demonstrate their commitments to, and actions/progress towards, the use of 100 per cent RSPO CSPO.

2. WWF (WWF 2013)

As a founding member of RSPO, WWF is demanding palm oil users to become active members of RSPO and use RSPO CSPO. WWF also demanded organisations to (WWF 2013, p. 48):

- have a policy on sustainable palm oil – specifically a commitment to source 100 per cent RSPO CSPO by 2015 or earlier;
- disclose total annual volumes of palm oil and/or RSPO CSPO used/bought;
- disclose proportion of the total palm oil used that was CSPO; and
- have a policy on reducing GHG emission within their supply chains.

Since 2009, as part of its work to encourage palm oil users to purchase RSPO CSPO, WWF scored and publicised the performance of major global organisations that produce and/or sell everyday consumer products bi-annually. Each organisation's performance was assessed against a set of objective criteria relating to their commitments to, and actions on, responsible purchasing of palm oil.

The WWF Palm Oil Buyers' Scorecard 2013 is the third (and the latest report at the time this study is conducted) report published in the same nature. The most significant addition to the WWF Palm Oil Buyers' Scorecard 2013 (compared to the previous scorecards) was a new criterion that asked organisations about their GHG policies within their palm oil supply chains. According to WWF, this criterion is important to ascertain if the organisations are taking a wider responsibility towards minimising the negative impacts associated with their palm oil use, as well as telling/showing the growers that there is a demand for "low carbon" palm oil.

3. Greenpeace (Greenpeace International 2013)

Greenpeace, founded in 1971, is a non-governmental environmental organisation with an international coordinating body in Amsterdam, the Netherlands (Greenpeace International). According to Greenpeace International (2012):

Indonesia's peatlands represent just 0.1% of the Earth's land mass, but contribute a staggering 4% of global emissions.

In 2013, Greenpeace released its guide - Certifying destruction: why consumer organisations need to go beyond the RSPO to stop forest destruction. In this report, Greenpeace acknowledged that the RSPO is a major portal used by palm oil users to address sustainable palm oil use within their supply chains. However, Greenpeace argues that the RSPO standard does not prevent deforestation and therefore is only a limited instrument in the search for responsibly produced palm oil. As stated by Greenpeace in this report (Greenpeace International 2013, p. 2):

The RSPO sets no limits on GHG emissions that can be associated with the development of palm oil plantations. Despite debating the need for such a standard for years, the 2013 revision of the Principles and Criteria includes only voluntary guidelines to report GHG emissions from forest conversion; the tightening of criteria on peatland development is still not a full ban.

Hence, Greenpeace is urging palm oil users to "go beyond RSPO" to protect all peatlands and high carbon forests by making a commitment to prevent deforestation from entering their supply chains; commitment to traceability to 'clean up' their supply

chains; and working together with their suppliers to strengthen their forest and peatland protection actions.

4. *The Global Canopy Programme* (The Global Canopy Programme 2015)

Global Canopy Programme (GCP) 'is a tropical forest think tank working to demonstrate the scientific, political and business case for safeguarding forests as natural capital that underpins water, food, energy, health and climate security for all. The vision is a world where rainforests destruction has ended'. It sits under The Global Canopy Foundation, a United Kingdom charitable company.

One of GCP's initiatives in ending deforestation is through its Forest 500 project – the world's first rainforest rating agency. In November 2015, GCP's Forest 500 project released a report entitled *The Forest 500: Scoring Methodology 2015*. In the report, the Forest 500 project identified and held the 500 most influential governments, organisations and investors accountable for their actions; and ranked these organisations towards a deforestation-free global economy. The report identified 15 policies that would be expected to exist in an organisation's well-designed sustainable sourcing system for forest risk commodities¹¹⁶, including palm oil. According to the report, The Forest 500 ranking and analysis will be repeated annually until 2020.

5. *The Union of Concerned Scientists* (Union of Concerned Scientists 2015)

For nearly half a century, the Union of Concerned Scientists (UCS) Scientists has combined the knowledge and influence of the scientific community with the passion of concerned citizens to build a healthy planet and a safer world. The *Palm Oil Scorecard 2015: Fries, Face Wash, Forests* was released in April 2015 where the UCS evaluated and scored the United States of America's biggest consumer goods brands (including supermarkets) for their commitment to responsible use of palm oil. The scorecard provides a checklist of 8 sustainable palm oil commitments and practices that ideally would be in place. As mentioned in their Supplementary Material 1- Methodology: 'The

¹¹⁶ The Forest 500 identifies that over two thirds of tropical deforestation is driven by the production of a handful commodities. The production of palm oil, soya, beef, leather, and timber and paper has been a central factor in this widespread land use change. Hence, these internationally traded commodities are identified as forest risk commodities.

scorecard was developed by the report authors in consultation with other members of UCS staff, as well as other IGs working on palm oil’.

6. *The Consumer Goods Forum* (The Consumer Goods Forum 2015)

The Consumer Goods Forum (CGF) is a ‘global, parity-based industry network that is driven by its members to encourage the global adoption of practices and standards that serves the consumer goods industry worldwide’ (The Consumer Goods Forum 2017). Following its 2010 Deforestation Resolution, the CGF passed a resolution pledging to mobilise resources within their respective businesses to help achieve zero deforestation by 2020 for commodities including palm oil. The CGF also recognises organisations’ responsibilities to the other key sustainability issues associated with the cultivation of palm oil, including transparency in traceability within their corporate palm oil supply chains.

Accordingly, the CGF announced the publication of Sustainable Palm Oil Guidelines (The Guidelines) on 11 August 2015. According to CGF, these guidelines will serve as a ‘live’ tool for palm oil users. Specifically, the document will be updated to reflect key developments in the rapidly changing palm oil environment.

7. *Zoos Victoria* (www.zoo.org.au)

Zoos Victoria is a not-for-profit, zoo-based conservation in Australia. Don’t Palm Us Off, reviewed in 2014, is an ongoing article published on Zoos Victoria’s website about its Don’t Palm Us Off campaign. The campaign, which was launched in late 2009, aims to raise public awareness about the palm oil crisis, exposing the link between consumers and orangutan survival. More specifically, Zoos Victoria is advocating to have palm oil labelling on all food products legislated since consumers should have the choice to buy products that do not contribute to the destruction of the orangutan’s habitat (Zoos Victoria). For this reason Zoos Victoria is urging consumers to add their names to join the growing list of Australians who support palm oil labelling to take to the Food Standards Australia New Zealand, demanding palm oil labelling to be legislated.

8. CHOICE (Clemons 2015)

Founded in 1959, CHOICE is a leading consumer advocacy group in Australia. As with Zoos Victoria, CHOICE is also advocating for better palm oil labelling. According to an article release on CHOICE's website:

The current labelling system allows palm oil to be hidden behind a generic "vegetable oil" or "vegetable fat" label [...] Many Australians are not aware that palm oil is a common ingredient in products ranging from margarines, biscuits, breads and breakfast cereals to chocolates, instant noodles and personal care products [...] In order to make informed decisions, we would like to see palm oil labelling mandatory on food products.

Alan Kirkland (2015), the CEO of CHOICE also stated that: 'when we asked CHOICE members what issues you'd like us to focus on, food labelling is always at the top of the list'.

Are we being palmed off? is an article released by CHOICE following its 2015's food labelling research on palm oil labelling. According to the article, CHOICE found 70 per cent of Australians consumers think it is important that palm oil is labelled separately on the ingredients list and that clearly listing palm oil origin is important to them. The survey was conducted with 1,061 Australians aged between 18 and 75 on the issue of palm oil. The survey also revealed environment issues, with 59 per cent of the Australians cited, as the number one reason why Australians demanded palm oil labelling.

Appendix 4: Survey instrument



Section 1: Respondent's details (Optional)

Organisation: _____

Position: _____

Section 2: Assuming that somebody was interested in assessing the extent to which a supermarket was sourcing sustainable palm oil as part of its business operations, please indicate the importance of each of the following information items

Direction: Please *check (x)* the box that corresponds to your answer.

Information items	Un- important (1)	Somewha t important (2)	Reasonably important (3)	Very important (4)	Extremely important (5)
1. A public commitment to use palm oil that does not contribute to deforestation					
2. A public commitment to use palm oil that does not contribute to new conversion of peatlands					
3. That the supermarket is a member to the Roundtable on Sustainable Palm Oil (RSPO)					
4. The total amount (in volume) of palm oil the supermarket is using to produce private-label (home-brand) that use palm oil as an ingredient					
5. That the supermarket is using RSPO certified palm oil					
6. The percentage or total amount of RSPO certified palm oil being used by the supermarket					

7. A public commitment on a time-bound plan to use 100 per cent RSPO-certified sustainable palm oil					
8. The RSPO certified supply chain option(s) (i.e. the 'Identified Preserved', 'Segregated' and 'Mass Balance' as well as the GreenPalm option) the supermarket currently uses					
9. The proportion or amount purchased with each RSPO certified supply chain option					
10. The palm oil product labelling policy for their private-label (home-brand) products that use palm oil as an ingredient.					
11. Palm oil sourcing policies/action plans that seek traceability (transparency) to mill or plantation					
12. Palm oil sourcing policies to reduce GHG footprint in the supermarket's supply chain					
13. Palm oil sourcing policies/action plans to work with its suppliers to ensure all palm oil-related commitments (as per disclosure item 1, 2 and 7) are achieved					

<p>14. In your opinion, are there any other important information items that a supermarket should disclose to enable an interested stakeholder to assess the supermarket's commitment to sustainable palm oil? If so, please identify the item(s) here together with the respective ranking of its perceived importance.</p>					
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Section 3: Which communication media should be employed by supermarkets to provide information to stakeholders about their palm oil sourcing policies?

Direction: Please *check (x)* the box that corresponds to your answer.

Disclosure media	Un- important (1)	Somewha t important (2)	Important (3)	Very important (4)	Extremely important (5)
1. Annual report					
2. Sustainability report					
3. Supermarket's web page					
4. Product labelling					
5. RSPO Annual Communication of Progress (ACOP)					
6. In your opinion, are there any other important media for corporate disclosure? If so, please provide your answer here and identify the respective importance of such media.					

Appendix 5: Participants Information Sheet and Consent Form (PICF)



Participant Information Sheet/Consent Form

Participant for the Questionnaire Survey

Title	Accounting and Accountability Pertaining to Palm Oil Use: An Australian Study
Chief Investigator/Senior Supervisor	Professor Craig Deegan
Associate Investigator(s)/Associate Supervisor(s)	Associate Professor Robert Inglis
Principal Research Student(s)	Joselyne Chieng

1 Introduction

You are invited to take part in this research project, which is called “Accounting and Accountability Pertaining to Palm Oil Sourcing: An Australian Perspective”. You have been invited because you are a distinguished expert in this area. We believe that you can offer valuable insights to this project. Your contact details were obtained from the LinkedIn social network platform.

This Participant Information Sheet tells you about the research project. It explains the processes involved with taking part. Knowing what is involved will help you decide if you want to take part in the research.

Please read this information carefully. Ask questions about anything that you don’t understand or want to know more about. Before deciding whether or not to take part, you might want to talk about it with a relative or friend.

Participation in this research is voluntary. If you don’t wish to take part, you don’t have to.

You can print a copy of this Participant Information Sheet for you to keep.

2 What is the purpose of this research?

One of the important objectives of our research is to assess the current sustainable palm oil sourcing (SPOS) related corporate governance disclosure practices of the Australia Supermarkets and Grocery Stores Industry (ASGI) for palm oil used within their home-brand (private-label) products. To achieve this objective, we have developed a preliminary SPOS related corporate governance disclosure index (based on existing publicly available SPOS related corporate governance guides created by community-based interest groups including The Roundtable for Sustainable Palm Oil, The World Wide Fund for Nature (WWF), The

Consumer Goods Forum, The Union of Concerned Scientists, Greenpeace, The Forest 500, Zoos Victoria and the Choice), consisting of 13 disclosure items and 5 communication media.

In the endeavour to produce a comprehensive 'best practice' disclosure index, we seek experts suggestions of the respective importance of the 13 disclosures items and the 5 communication media. As you are a distinguished expert in this area, I believe that you can offer valuable insights to this project.

We will then use the 'best practice' disclosure index developed to assess the current accountability level demonstrated by Australia Supermarkets and Grocery Stores Industry in their publicly available documents. The research will provide a preliminary insights on how the ASGI voluntarily (and publicly) reports on sustainable (or unsustainable) palm oil sourcing.

The results of this research will be used by the researcher, Joselyne Chieng, to obtain a doctorate degree (PhD) in Accounting.

3 What does participation in this research involve?

Your participation will involve you completing a questionnaire that will take less than 10 minutes. To find the survey questionnaire, please click on the attached document "Questionnaire" in this email.

Other than your time, there are no costs associated with participating in this research project, nor will you be paid.

4 Other relevant information about the research project

A group of 5 other experts from different community-based interest groups will also be taking part in the project.

5 Do I have to take part in this research project?

Participation in this research project is voluntary. If you do not wish to take part, you do not have to. If you decide to take part and later change your mind, you are free to withdraw from the project at any stage.

Your decision whether to take part or not to take part, or to take part and then withdraw, will not affect your relationship with the researchers or with RMIT University.

Submitting your completed questionnaire to the research team is an indication of your consent to participate in the study. You can withdraw your responses any time if you change your mind about having them included in the study, before we have analysed and published the results.

6 What are the possible benefits of taking part?

We cannot guarantee or promise that you will receive any benefits from this research; however, you may appreciate contributing to knowledge. The research's findings will provide a preliminary insights on (i) how Australian supermarket chains voluntarily (and publicly) reports on sustainable (or unsustainable) palm oil sourcing; and (ii) whether there appears any apparent alignment between what key stakeholders expect, and the accountability being demonstrated by the supermarket chains in their reporting.

7 What are the risks and disadvantages of taking part?

Your identity and the data you provide will be treated as strictly confidential and will not be disclosed without your prior consent. The number of participants in this research is limited by the number of community-based interest groups that are active in lobbying on issues related to the cultivation of palm oil. Due to this small sample size, it is therefore possible that interested parties might be able to identify you from the data you provide, even without you being named in the research. If you have any questions or concerns about confidentiality, please do not hesitate to raise them with the researcher at any stage of the research process.

8 What if I withdraw from this research project?

If you do consent to participate, you may withdraw at any time. If you decide to withdraw from the project, please notify a member of the research team.

You have the right to have any unprocessed data withdrawn and destroyed, providing it can be reliably identified.

9 What happens when the research project ends?

We would be happy to provide a summary of the results to you upon request.

10 What will happen to information about me?

By completing and submitting the questionnaires to the research team you consent to the research team collecting and using information from you for the research project. Any information obtained in connection with this research project that can identify you will remain confidential. With your permission, any information you provide may be disclosed if it is to protect you from harm.

Identified survey data will only be seen by the research team and examiners who will also protect you from any risk. Once we have completed our data collection and analysis, we will import the data to the RMIT server where it will be stored securely for five year. The data on the host server will then be deleted and expunged.

It is anticipated that the results of this research project will be published and/or presented in a variety of conferences. In any publication and/or presentation, information will be provided in such a way that you cannot be identified, except with your express permission. Any publication/ presentation will not include information that can potentially identify you. Thus, reporting will protect your anonymity.

In accordance with relevant Australian and/or Victorian privacy and other relevant laws, you have the right to request access to the information about you that is collected and stored by the research team. You also have the right to request that any information with which you disagree be corrected. Please inform the research team member named at the end of this document if you would like to access your information.

Any information that you provide can be disclosed only if (1) it is protect you or others from harm, (2) if specifically allowed by law, (3) you provide the researchers with written permission.

Any information obtained for the purpose of this research project that can identify you will be treated as confidential and securely stored.

11 Who is organising and funding the research?

This research project is being conducted by Joselyne Chieng.

12 Who has reviewed the research project?

All research in Australia involving humans is reviewed by an independent group of people called a Human Research Ethics Committee (HREC). This research project has been approved by the RMIT University HREC.

This project will be carried out according to the *National Statement on Ethical Conduct in Human Research* (2007). This statement has been developed to protect the interests of people who agree to participate in human research studies.

13 Further information and who to contact

If you want any further information concerning this project, you can contact the researcher, Joselyne Chieng, on +61 416 616 535 or any of the following people:

Research contact persons

Name	Professor Craig Deegan
Position	Chief investigator / Senior supervisor
Telephone	+61 3 9925 5741
Email	Craig.deegan@rmit.edu.au

Name	Associate Professor Robert Inglis
Position	Associate investigator / Associate supervisor
Telephone	+61 3 9925 5715
Email	robert.inglis@rmit.edu.au

14 Complaints

Should you have any concerns or questions about this research project, which you do not wish to discuss with the researchers listed in this document, then you may contact:

Reviewing HREC name	RMIT University
HREC Secretary	Peter Burke
Telephone	03 9925 2251
Email	human.ethics@rmit.edu.au
Mailing address	Research Ethics Co-ordinator Research Integrity Governance and Systems RMIT University GPO Box 2476 MELBOURNE VIC 3001

Consent Form

Title	Accounting and Accountability Pertaining to Palm Oil Sourcing: An Australian Perspective
Chief Investigator/Senior Supervisor	Professor Craig Deegan
Associate Investigator(s)/Associate Supervisor(s)	Associate Professor Robert Inglis
Principal Research Student(s)	Joselyne Chieng

Acknowledgement by Participant

I have read and understood the Participant Information Sheet.

I understand the purposes, procedures and risks of the research described in the project.

I have had an opportunity to ask questions and I am satisfied with the answers I have received.

I freely agree to participate in this research project as described and understand that I am free to withdraw at any time during the project without affecting my relationship with RMIT.

I understand that I will be given a signed copy of this document to keep.

Name of Participant (please print) _____
Signature _____ Date _____

Declaration by Researcher[†]

I have given a verbal explanation of the research project, its procedures and risks and I believe that the participant has understood that explanation.

Name of Researcher [†] (please print) _____
Signature _____ Date _____

[†] An appropriately qualified member of the research team must provide the explanation of, and information concerning, the research project.

Note: All parties signing the consent section must date their own signature.

Appendix 6: Profiles of survey participants

Name of participant	Organisation	Position
1. Andrea Wiseman	WWF	Sustainable Palm Oil Manager
2. Dr Jenny Gray	Zoos Victoria	Chief Executive Officer
3. Dadang Setiawan	Forest Programme III Sulawesi (a collaboration project between Federal Republic of Germany and Indonesia via Ministry of Environment and Forestry)	Park Management and Biodiversity Conservation Expert
4. Gemma Tillack	Rainforest Action Network	Agribusiness Campaign Director
5. Lorinda Jane	Palm Oil Investigations	Founder/President
6. Wei-ti Chen	The Nature Conservancy	Policy Associate, External Affairs
7. Anonymous	RSPO	Anonymous

Appendix 7: List of private-label products included in this thesis.

Appendix 7.1: Woolworths Ltd

No.	Categories	Products	Score for Specific Issue 10: Does the organisation provide information on which vegetable oil they use in the product? (Description)	Score for Specific Issue 4: Does the organisation provide information on whether it is using RSPO CSPO?
1.	Bakery	Woolworths Chocolate Sponge Roll	0 (Vegetable Emulsifiers 471)	-
2.		Woolworths White Toast Bread	0 (Vegetable Emulsifiers 481, 472e)	-
3.		Woolworths White Sandwich Bread	0 (Vegetable Emulsifiers 481, 472e)	-
4.		Woolworths Wholemeal Sandwich Bread	0 (Vegetable Emulsifiers 481, 472e)	-
5.		Woolworths Multigrain Sandwich Bread	0 (Vegetable Emulsifiers 481, 472e)	-
6.	Chilled Spread	Woolworths Table Spread	1	0
7.	Confectionery	Woolworths Choc Honeycomb	1	0
8.		Woolworths Liquorice	0 (Vegetable Emulsifiers 471)	-
9.		Woolworths Milk Chocolate Liquorice Bullets	0 (Vegetable Emulsifiers 471)	-
10		Woolworths Chocolate Eclairs	1	0
11		Woolworths Jersey Caramels	0 (Vegetable Emulsifiers 471)	-
12	Biscuit, cookies & cornflakes	Woolworths Chocolate Mint Creme Biscuits	1	0
13		Woolworths Chocolate Sandwich	1	0
14		Woolworths Raspberry Tartlets	NA (Emulsifier 322 from soy)	-
15		Woolworths Gingernut Biscuits	1	0

16		Woolworths Vanilla Wafers	1	0
17		Woolworths Chocolate Wafers	1	0
18		Woolworths Strawberry Wafers	1	0
19		Woolworths Milk Arrowroot Biscuits	1	0
20		Woolworths Vanilla Cream Biscuits	1	0
21		Woolworths Chocolate Fingers	1	0
22		Woolworths Family Assorted Biscuits	1	0
23		Woolworths Chocolate Sandwich	1	0
24		Woolworths Scotch Finger	1	0
25		Woolworths Choc Chips Cookies	1	0
26		Woolworths Shortbread Fingers	NA (email assurance received)	-
27		Woolworths Crispy Golden Corn Flakes	0 (Vegetable Emulsifiers 471)	-
28		Woolworths Homebrand Corn Flakes	1 (Emulsifiers 471 from Palm)	0
29	Frozen savoury	Woolworths Apple Pies	0 (Vegetable Emulsifiers 471)	-
30		Woolworths Party Sausage Rolls	1	0
31		Woolworths Meat Pie	1	0
32		Woolworths Party Pie	1	0
33		Woolworths Beef Lasagne	0 (Vegetable oil)	-
34		Woolworths Garlic Bread	1	0
35		Woolworths Chicken Nuggets	NA (canola oil)	-
36		Coles Crinkle Cut Potato Chips	NA (sunflower oil)	-
37		Woolworths Fish Fingers	NA (soya oil)	-
38		Woolworths Crumbed Fish Fingers	NA (soya oil)	-

39		Woolworths 6 Crumbed Fish Fillets	1	0
40		Woolworths Battered Fish Fillets	NA (Canola oil)	-
41	Frozen desserts & ice-cream	Woolworths Choc Coated Ice Confection Sticks	0 – Vegetable Emulsifiers 471	-
42		Woolworths Choc Dipped Milk Ices	0 (Vegetable Emulsifiers 471)	-
43		Woolworths Vanilla Ice-Cream	0 (Vegetable Emulsifiers 471)	-
44		Woolworths Neapolitan Ice-Cream	0 (Vegetable Emulsifiers 471)	-
45		Woolworths French Style Cheese Cake	1	0
46		Woolworths Strawberry Cheese Cake	1	0
47		Woolworths Cookies & Cream Cheese Cake	1	0
48		Woolworths Chocolate Bavarian Cake	1	0
49		Woolworths Chocolate Caramel Bavarian Cake	1	0
50		Pantry products	Woolworths Tuna Chunks in Oil	NA (Sunflower oil)
51	Woolworths Butter Cake Mix		NA (Canola oil)	-
52	Woolworths Chocolate Cake Mix		NA (Canola oil)	-
53	Woolworths Vanilla Cake Mix		NA (Canola oil)	-
54	Woolworths Custard Powder		NA (email assurance received)	-
55	Woolworths Ice-cream Cups		1 (Shortening from Palm Oil)	0

Appendix 7.2: Wesfarmers Ltd

No.	Categories	Products	Score for Specific Issue 10: Does the organisation provide information on which vegetable oil they use in the product? (Description)	Score for Specific Issue 4: Does the organisation provide information on whether it is using RSPO CSPO?
1.	Bakery	The Bakery at Coles Soft Round Rolls (6 Packs)	1	0
2.		The Bakery at Coles Hot Dog Rolls (6 Packs)	1	0
3.		The Bakery at Coles White Split Vienna 450 gram	1	0
4.		Coles Chocolate Madeira Cake 315 gram	1	0
5.		Coles Madeira Cake 450 gram	1	0
6.		Coles Lemon Madeira Cake 450 gram	1	0
7.		Coles Jam Mini Rolls (6 Packs)	1	0
8.		Coles Jam Sponge Rolls	1	0
9.		Coles Lamington Sponge Cake	1	0
10.		Coles Chocolate Mud Cake	1	1
11.		Coles Lemon & Raspberry Flavoured Tarts	1	0
12.		Coles Snow Balls	1	1
13.		Coles White Toast Bread	0 (Vegetable Emulsifiers 471, 481 & 472e)	-
14.		Coles White Sandwich Bread	0 (Vegetable Emulsifiers 471, 481 & 472e)	-
15.		Coles Wholemeal Sandwich Bread	0 (Vegetable Emulsifiers 471, 481 & 472e)	-

16.	Chilled Spread	Coles Regular Spread	1	0	
17.	Confectionery	Coles Choc Honeycomb	1	1	
18.		Coles Liquorice	1	0	
19.		Coles Soft Liquorice	1	0	
20.		Coles Dark Choc Coated Liquorice	1	0	
21.		Coles Caramel Delights	1	0	
22.	Biscuit, cookies & cornflakes	Coles Chocolate Mint supreme Biscuits	1	0	
23.		Coles Chocolate Surrenders Biscuits	1	0	
24.		Coles Caramel Deluxe Biscuits	1	0	
25.		Coles Milk Chocolate Digestives Biscuits	1	0	
26.		Coles Vanilla Cream Wafer	NA - Vegetable fat (coconut oil)	-	
27.		Coles Chocolate Cream Wafer	NA - Vegetable fat (coconut oil)	-	
28.		Coles Milk Arrowroot Biscuits	1	0	
29.		Coles Malted Milk Biscuits	1	1	
30.		Coles Custard Creams Biscuits	1	1	
31.		Coles Chocolate Creams Biscuits	1	1	
32.		Coles Assorted Creams Biscuits	1	0	
33.		Coles Golden Crunchy Creams Biscuits	1	1	
34.		Coles Scotch Finger	1	0	
35.		Coles Ultimate Chocolate Chips Cookies	0 (Emulsifiers 476)	-	
36.		Coles Corn Flakes	NA (Email assurance received)	-	
37.			Coles 4 Snack Apple Pies	1	0
38.			Coles Sausage Rolls	1	0
39.	Coles Party Pie		1	0	

40.	Frozen savoury	Coles Beef Lasagne	1	0
41.		Coles Twin Pack Garlic Baguette	0 (Emulsifiers 472e)	-
42.		Coles Twin Pack Garlic Bread	1	0
43.		Coles Chicken Nuggets	NA – Vegetable oil (cottonseed)	-
44.		Coles Chicken Breast Nuggets	NA – Vegetable oil (cottonseed)	-
45.		Coles Straight Cut French Fries	NA – Vegetable oil (Canola oil)	-
46.		Coles Chunky Potato Wedges	NA – Vegetable oil (Canola oil)	-
47.		Coles Crumbed Hoki Original	NA - Canola oil	-
48.		Coles Crumbed Hoki- salt & Pepper	NA - Sunflower oil	-
49.	Frozen desserts & ice-cream	Coles 10 Choc Coated Ice-Cream	1	0
50.		Coles Vanilla Ice-Cream	1	0
51.		Coles Neapolitan Ice-Cream	1	0
52.		Coles Choc Pops Ice-cream	1	0
53.		Coles French Style Cheese Cake	1	0
54.		Coles Cookies & Cream Cheese Cake	1	0
55.		Coles Lemon Curd Cheese Cake	1	0
56.		Coles Chocolate Bavarian Cake	1	0
57.	Pantry products	Coles Chicken Flavour 2 Minute Noodles (5 Packs)	1	0
58.		Coles Beef Flavour 2 Minute Noodles (5 Packs)	1	0
59.		Tuna in Vegetable Oil	NA (vegetable oil-soya)	-
60.		Coles Butter Cake Mix	NA (Canola oil)	-
61.		Coles Chocolate Cake Mix	NA (Canola oil)	-
62.		Coles Vanilla Cake Mix	NA (Canola oil)	-

63.		Coles Smart Buy Custard Powder	NA (Email assurance received)	-
64.		Coles Ice-cream Cones	NA (Vegetable Oil-coconut oil)	-

Appendix 7.3: Metcash Ltd

No.	Categories	Products	Score for Specific Issue 10: Does the organisation provide information on which vegetable oil they use in the product? (Description)	Score for Specific Issue 4: Does the organisation provide information on whether it is using RSPO CSPO?
1.	Bakery	IGA Baker's Oven Choc Rolletes (6 packs) 250g	1	0
2.		IGA Baker's Oven Iced Orange Madeira Cake 400 gram	1	0
3.		IGA Baker's Oven Carrot Tray Cakes 360 gram	1	0
4.		IGA Baker's Oven Snowballs 200 gram	1	0
5.		IGA Baker's Oven Chocolate Mud Cake 600 gram	1	0
6.		IGA Baker's Oven Raspberry Flavoured Tarts 200 gram	1	0
7.		IGA Baker's Oven Crème-filled Choc Lamington Rolletes 280 gram	1	0
8.	Chilled Spread	Black & Gold Canola Spread	0 (Vegetable Emulsifiers 471)	-
9.		Black & Gold Monounsaturated Spread	0 (Vegetable Emulsifiers 471)	-
10.	Confectionery	Black & Gold Caramel Kisses	0 (blended Vegetable oil)	-
11.		Black & Gold Choc Coated Honeycomb	1	0
12.		Black & Gold Milk Chocolate Raspberry Bullets	1	0
13.		Black & Gold Licorice	0 (Vegetable Emulsifiers 471)	-

14.	Biscuit, cookies & cornflakes	Black & Gold Family Assorted Biscuit	1	0
15.		Black & Gold Milk Arrowroot Biscuit	1	0
16.		Black & Gold Crème Wafer Biscuit – Chocolate flavoured	1	0
17.		Black & Gold Crème Wafer Biscuit – Vanilla flavoured	1	0
18.		Black & Gold Triple Choc Biscuit	1	0
19.		Black & Gold Choc Mint Slice Biscuits	1	0
20.		Black & Gold Crunchy Choc biscuits	1	0
21.		Black & Gold Peanut Brownie Cookies	1	0
22.		Black & Gold Choc Chip Cookies	1	0
23.		Black & Gold Scotch Finger Biscuits	1	0
24.		Black & Gold Choc Scotch Finger Biscuits	1	0
25.		Black & Gold Milk Coffee Biscuits	1	0
26.		Cornflakes	1 (Emulsifier 471 – derived from palm oil)	0
27.		Frozen savory	Black & Gold Sausage Rolls	0 (Vegetable Emulsifiers 471, E481)
28.	Black & Gold Party Pies		1	0
29.	Black & Gold Apple Pie		0 (vegetable oil)	-
30.	Black & Gold Fish Fingers		NA (Soybean oil)	-
31.	Black & Gold Chicken nuggets		NA - Vegetable oil (Canola oil)	-
32.	Black & Gold Beef Lasagne		NA (Email assurance received)	-
33.	Black & Gold Straight Cut Fries		NA- Vegetable oil (Canola oil)	-
34.	Black & Gold Crinkle Cut Fries		NA -Vegetable oil (Canola oil)	-

35.		Black & Gold Garlic Bread	1	0
36.	Frozen desserts & ice-cream	Black & Gold French Style Cheese Cake	1	0
37.		Black & Gold Strawberry Cheese Cake	1	0
38.		Black & Gold Chocolate Bavarian	1	0
39.		Black & Gold Choc coated vanilla sticks (10 packs)	0 (Vegetable Emulsifiers 471)	-
40.		Black & Gold Chocolate Choc Chip Ice-Cream 2L	0 (Vegetable Emulsifiers 471 & 477)	-
41.		Black & Gold Vanilla Ice-cream 2L	0 (Vegetable Emulsifiers 471)	-
42.	Pantry products	Black & Gold Beef noodles (Instant noodle) – cup	1	0
43.		Black & Gold Tuna in Oil	NA– Vegetable oil (soybean)	-
44.		Black & Gold Chicken Flavoured Noodles (5 individual packs)	1	0
45.		Black & Gold Butter Flavoured Cake Mix	0 (Vegetable Emulsifiers 471)	-
46.		Black & Gold Custard Powder	NA (Vegetable oil canola oil, cotton seed oil)	-
47.		Black & Gold Ice-Cream Single Cones	NA (Vegetable oil coconut)	-