

What is business' environmental responsibility?

A few years ago we asked senior Australian business journalists about their expectations of corporate Australia regarding environmental sustainability and climate change – at the time companies being proactive were seen to be forward thinkers, having a solid focus on corporate responsibility and as a result rewarded with an enhanced reputation. Between July and September this year we investigated whether things had changed...

What do journalists see as key concerns for business?

Business journalists have an increased focus on environmental sustainability compared to three years ago. Almost universally, environmental sustainability or climate change is named as a key issue facing corporate Australia.

The topic has moved from 'nice to have' to a perception that a company environmental impact policy is essential:

"There's a very large proportion – maybe a majority of Australians – who believe that we have a kind of moral responsibility to do something about carbon emissions."

"There is a growing number of Australians who care more about sustainability – what and how they purchase goods."

Concerns span a number of areas:

- Climate change
- Use of finite resources
- Damage to ecosystems

"One of the biggest problems is that we live in a consumer society and it isn't geared to sustainability. The market is flooded with disposable items and utilise a lot of raw materials and resources."

At a glance summary

- Business journalists rate environmental sustainability high on their list of issues facing corporate Australia
- There is disappointment in the lack of real action by corporate Australia
- They believe government regulation is essential to incite companies to act
- Communications should be limited to major changes, not just PR

There is a real concern about the use of non renewable resources:

"Precious and semi-precious metals used in manufacturing are almost depleted and no one is coming up with viable ways to solve or address the issue."

Believers of global warming are quite concerned about the lack of real action in Australia perceiving other issues have distracted people from the topic:

"Global warming is the big issue...in 20 to 30 years the Barrier Reef will be dead. No one is prepared to do anything about it – politicians, business and consumers have been diverted by the GFC...I am quite worried about what this world will look like."

Even the climate change agnostics believe there should be a greater focus on environment:

"I look and say; 'Well the consequences of getting it wrong are greater than the cost of doing something' so it is probably worth doing something."

"It is about the balance between nature versus business imperatives for resources."

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While it is felt to be important, it is believed to be a challenge for Australia given its reliance on the resources sector exports:

"The way we respond to whatever happens around the globe in relation to climate change is actually quite important. If we want to maintain our standard of living we need to be quite intelligent about what we do and how we do it. so as not to undermine the one comparative advantage that we do have, which is very large resources and very high quality minerals and commodities."

Are any companies doing better than others?

The technology sector is identified as having made a number of leaps forward in environmental sustainability:

"Every vendor I know in the IT space is advertising their green credentials and doing everything they can to reduce the carbon footprint of their products and their operation in general."

"Brother is well known for their wildlife research and conservation programs. Dell has been very upfront and focused on recycling IT and old equipment. Telstra does encourage recycling of mobile phones..."

"The IT sectors are making headway...[in particular the] high green rated data centres such as the Polaris (NEC's Data Centre in Queensland), Dell and the Canberra Data Centre."

"There's been some easy wins in like, the IT sector ...where they have significantly reduced their carbon footprint."

Some suggest it is easier for this sector to make a difference as technological advances naturally reduce energy used.

There is limited mention of Linfox, praised for changes to its logistics to ensure maximum efficiency:

"Linfox are very good internally...rerouted their entire logistics mapping to ensure no empty loads are coming back to be more efficient."

Qantas receives some praise for its Carbon Offset Program.

There is limited awareness of Stockland's headquarters in Sydney, praised for its design features and standing ahead of its competition:

"Stockland has its HQ in Sydney and generates its own power and saves its water...they plan to roll similar standards out to its other buildings over time – this, compared to their competitor Westfield who are sticking their head in the sand and they just don't want to know about it."

"It would be very easy for a couple of large companies to make significant differences to the way they're operating...they don't and they haven't."

Despite these achievements, journalists believe more can be done with a perception that most companies are making changes because of a bottom line benefit rather than focusing on the bigger picture:

"Greening infrastructure as part of CSR gets bandied about a lot – but only gets realised if it is aligned with a costing project as well. It is harder to get people to do the right thing just because it is the right thing..."

"It makes them more competitive, it makes good business sense which reinforces the practices...but the big, difficult issues aren't being tackled or dealt with."

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Where does corporate Australia disappoint most?

Many journalists believe not enough is being done by big business, suggesting there is more talk than real action by most companies:

"Perhaps my expectations are too high but I see it is all just window dressing."

"Sustainability is the key issue relevant to companies and organisations to assist. They all say they are doing something but I'd like to see deeper commitment not just the talk."

"I don't think there's any honesty when it comes to the way we're dealing with climate change at the corporate level. I haven't seen any companies that are honestly tackling the problem..."

"The green credentials of companies feels skin deep. I get lots of green press releases, companies talking about their use of solar power and so on – in reality they are just pandering to PR."

One example cited by journalists is News Limited which is thought to have conflicting messages about its focus:

"News Limited has Zero Degrees as a banner on their web page which is a carbon reduction/environmental message but they are the most vocal in arguing that climate change doesn't exist – there is lack of commitment."

"It is all shallow end of the pool stuff and no one is getting in and making any deep and effecting lasting change."

Many look to activities and trends in Europe and compare with what is happening in Australia with disappointment:

"Until I see people riding bikes to board meetings, I don't see any serious change to the way we're going to operate...you do get that and that kind of thing in Europe and have had people doing that for a long time."

The disappointment even extends to NGOs in some cases:

"Even Greenpeace is becoming nothing more than a media construction. I don't see them doing anything. Its been disappointing to be slightly environmentally minded over the last decade."

Some journalists are aware of large companies which are piloting ambitious projects looking at alternative resources and recycling, but they are not seen to be making an impact as yet:

"These are all pilot programs and are a long way from being anything significant."

"There are a lot of companies involved in specialist research in seeing the opportunities arising from the environmental challenges but there aren't many mega corporations involved in a visionary way."

What would journalists like to see from companies?

Business journalists believe companies need to take a more holistic view of the impact of everything they do on the environment and resources and ensure all employees are made aware of the true cost of their actions:

"Companies could do lots more – take a more active role in sustainability throughout all levels of their organisations...this is the key social issue that all companies can help address."

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Some suggest practical initiatives such as:

- Reducing use of power
- Pressuring suppliers to minimise their impact on the environment – 'greening the supply chain'
- Minimising paper consumption
- Conducting video conferences and encouraging teleworking – reducing non essential travel
- Supporting employees in reducing their impact – such as organising car pooling, advice on how to minimise impact on the environment at home
- Share expertise on sustainability to help other businesses (of all sizes)

"...sharing human knowledge for the greater good."

There is also a growing wish for companies to take their input a step further and be more selfless in decisions – thinking more about the environment than the impact to their bottom line:

"I would like to see companies engaging in areas that don't have a direct outcome for the company involved – doing things without expecting a financial return."

Expectations are especially high for organisations operating within the energy sector, with some journalists believing there is some reluctance to increase efficiency:

"The energy companies should be working on the challenge given they provide the raw materials for pollution. Organisations that use raw materials like oil should also be investing heavily in alternatives given oil will eventually run out."

"If you are involved in the problem you should be involved in the solution..."

"The energy sector is critical – but they don't see that as a benefit to them so they don't want to reduce energy consumption and increase efficiency."

Journalists anticipate an increased use of renewable energy such as solar power:

"...from an economic viewpoint, Australia is well placed to take advantage of the emerging markets..."

"Companies could stop being so bloody minded about profit – particularly the coal and power companies."

There is some mention of Origin Energy's investigation into renewable energy:

"Origin Energy is investing heavily in gas fired power stations and also looking at renewable energy but at the moment it is hard to generate a business case for renewable energy..."

What are expectations of government?

Journalists are keen for government to make a stand on environmental issues, believing that without solid guidance, companies are unlikely to make impactful changes:

"There seems to be a backlash against environmental concerns – there has been no push from the government since Kevin Rudd pulled back on the emissions trading scheme. The government needs to lead on this."

"Executives realise global warming is a problem but they will continue to maximise profit until government or consumer sentiment or both forces them to do something differently."

"Once they are forced to do it, it will make renewable energy more competitive."

There is support for a well thought out and managed emissions trading scheme.

INSIDE REPUTATION BULLETIN



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So should companies communicate what they're doing?

Generally journalists believe publicity should be limited to only the major, forward thinking ideas, not those areas considered easy wins.

Some believe there should be no PR, just internal communication resulting in word of mouth sharing of the news:

"It should be done less publicly and more internally..."

"If you have to send out a press release then are you really trying to do good?"

About the Inside Story

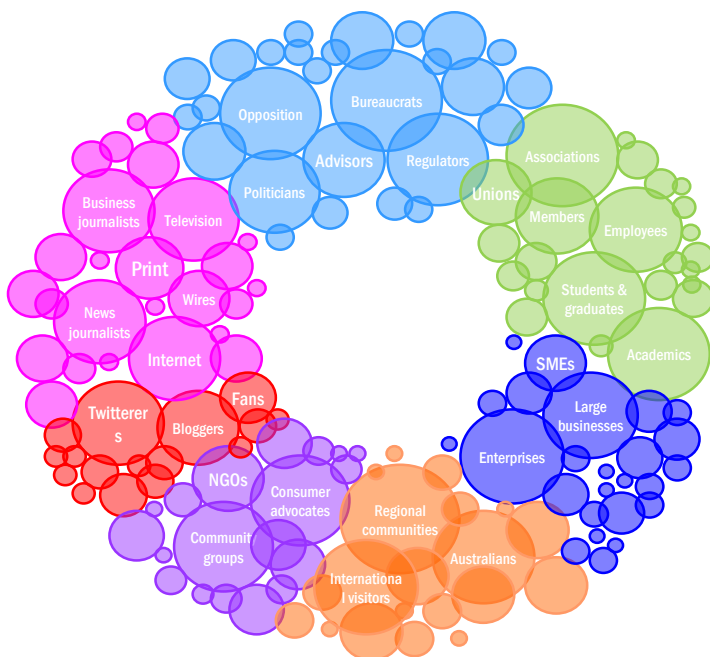
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In addition, we have spoken to many other stakeholder groups for our clients, including government, business influencers, financial analysts, key bloggers and of course the general public.

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