CORPORATE STRATEGY AND CORPORATE ENVIRONMENTAL RESPONSIBILITY IN CANADA: MULTIPLE DESCRIPTIVE CASE STUDIES

By

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We accept this thesis as conforming to the required standard

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Abstract

In recent years we have witnessed growing interest in corporate environmental responsibility and the concept of sustainability amongst businesses globally. Regardless of the motivation, be it competitive advantage, social license to operate, share value (socially responsible investing), shareholder pressure, public pressure, employee retention, cutting operational costs, the escalation of corporate accountability, or even altruistic goals, this is a growing trend among business. This field is in its infancy and requires considerable leadership. This paper is a collection of multiple descriptive case studies focusing on how Canadian best in sectors in the mining, oil and gas, telecom, finance, hospitality, and retail industries are integrating corporate environmental responsibility into their corporate strategy. Many areas for further study have been identified.

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Of course the guidance of my advisor Ann Dale was paramount to the success of my thesis. Your Zen like patience and clear and kind guidance throughout was remarkable. My colleague and friend Ginny Stratton for being a tireless sounding board, and keeping me motivated. Lastly I need to give thanks to Michael de Pencier for being an incredibly understanding and supportive boss while I was completing my thesis. There are many more who deserve thanks for assisting me in the completion of my thesis, you are not included here but never forgotten.

Dedication

This paper is dedicated to my mother Brenda Dixon for always believing in me, and my father Robert Dixon who passed away too soon and was never able to see my education develop. And to my grandparents Larry and Ann Heisey who steadfastly supported me in my educational endeavors but sadly did not live to see the completion of my thesis. You are my inspiration to be kind and just in all I do in life. I love you all dearly, and you will forever be in my heart.

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Section I: Introduction

a) Introduction

In recent years issues such as sustainability, corporate social and environmental responsibility, and greenhouse gas emissions (GHG) have become a topic of discussion among upper management of many large corporations around the world. Motivation, whether it be competitive advantage, social license to operate, share value, shareholder pressure, public pressure, employee retention, cutting operational costs, or even altruistic goals, is bringing us to a tipping point for these issues to be common place as matters of importance among upper management globally. No longer is the sole "social responsibility of business to increase profits" as Milton Friedman once said (Vermeir, 2005, p. 94).

This research is an evaluation of the progress of how the retail, hospitality, banking, telecom, mining and oil sectors in Canada are integrating corporate environmental responsibility (CER) into their corporate strategies. Multiple descriptive case studies will be used to evaluate how the leaders in each of these sectors are integrating CER into their corporate strategy. This will shed light on commonalities and differences among the different sectors of the Canadian economy, highlight cutting edge ideas in the integration of CER and corporate strategy, serve as a framework for the late adaptors, and address barriers to change.

b) Importance of Topic

Understanding how to best apply CER in major companies is paramount to the wellbeing of our planet for generations to come. This research could prove significant in the following areas: develop a framework for late adaptors to accelerate their take-up, identify cross sector strengths and weaknesses, identify the major barriers to change, inform future corporate direction and areas for further research.

Accelerating the adoption of CER is important for many reasons. Many companies want to take productive measures towards becoming better stewards of the environment, yet lack the know-how. It can seem overwhelming at first and a company may not know where to start. Understanding what leaders have done before them offers good guidance. Many mistakes can be avoided by learning from early adopters, as can be seen throughout history.

Secondly, assuming different sectors of the Canadian economy have different focuses, weakness may be discovered that can be more easily addressed. There are likely some substantial differences between the resource and retail industries priorities. Assuming the best in sectors interviewed for this research are addressing the low hanging fruit that pertain to their business, there should be areas in which different industries can help one another, thereby optimizing resources and avoiding reinventing the wheel for each company. This study will shed light on some of these opportunities that are available.

Third, are the barriers to change. These will vary across different sectors of the Canadian economy, though there may be more similarities than initially assumed. First, the internal and external barriers must be identified across the six different business interviewed. Once these are grouped and organized by importance/relevance, then it will be much easier to identify opportunities. Second, we should be able to identify the major barriers to the implementation of sustainability, who is responsible for them, and how they are to be addressed. The importance of this cannot be stressed enough. This could prove to be the most useful information gathered through this research.

Lastly, as this is a relatively new field of study, much research is required not only to find best practices but also identify areas that have received no attention to date that have the ability to accelerate the adoption of sustainability best practices and corporate environmental responsibility.

This thesis will first discuss the research context, looking at what CER is, why it is important and what this study will hopefully find. Also included in this section is a detailed examination and acknowledgement of biases present in these case studies.

The next section is dedicated to explaining the methodology behind the studies. Major areas of focus will include the selection criteria, units of analysis, interview process, and the rational for the decided grouping of participants and data.

The following section is dedicated to data analysis. For clarity, the questions asked of the participants will be discussed one at a time, grouped into the units of analysis as determined by the methodology. These categories will include the basic understanding of sustainability, questions surrounding the board and upper management, measurements and targets, reasons for being a leader in sector, and the future of CER.

The final major section provides recommendations for further study, conclusions will be drawn from the data analysis section and some general reflection on the topic will be revealed. Much like the preceding section, the conclusions will be grouped into similar categories in line with the defined units of analysis for clarity.

Section II: Research Context

a) What is CER?

Corporate environmental responsibility is part of the broader concepts of corporate social responsibility (CSR), corporate sustainability (CS) and corporate responsibility (CR). So to understand CER let us first look at these broader definitions. CSR as defined by Michael Hopkins is:

> …concerned with treating the stakeholders of the firm ethically or in a responsible manner. 'Ethically of responsible' means treating stakeholders in a manner deemed acceptable in civilized societies. Social includes economic and environmental responsibility. Stakeholders exist both within a firm and outside. The wider aim of social responsibility is to create higher and higher standards of living, while preserving the profitability of the corporation, for the peoples both within and outside the corporation. (Hopkins, 2007, p. 16)

There are problems with this definition as there are with any definition of CSR. For a list of the problems associated with this definition, please refer to Appendix A. However, as the author justifiably states, "this definition is easier to criticize than revise" (Hopkins, 2007, p. 16).

Corporate sustainability is much like CSR, and suffers from multiple definitions. According to PriceWaterhouseCoopers:

> Corporate sustainability can be defined as meeting society's expectation that companies add social, environmental and economic value from their operations, products and services. (Hopkins, 2007, p. 20)

This differs from the definition of CSR in that it does not take into account stakeholders, ethics or behaviour (Hopkins, 2007). Wilson, a senior manager in the Sustainable Business Practice at PriceWaterhouseCoopers. argues that corporate sustainability:

> …borrows elements from the four more established concepts: 1) sustainable development, 2) corporate social responsibility, 3) stakeholder theory, and 4) corporate accountability theory. (Wilson, 2008, p. 4)

It is worth noting that Wilson claims that the value CSR adds to CS theory is the ethical arguments. He argues that the ethical arguments for CSR are social contact theory, social justice theory, rights theory and deontological theory (Wilson, 2008). For a complete description of these please see Appendix C.

The term corporate responsibility according to John Tepper Marlin is a generic term for the responsibility field.

> The term CR is the conduct of business according to both ethical standards and the law. Some argue that CR is a red herring or even an oxymoron, that companies are simply mechanisms to serve shareholders and that ethical concerns are alien to this idea of the corporation. But a mechanistic view of the corporation does not do

justice to the history of corporate charters and financing. (Hopkins, 2007, p. 36)

Marlin, and others now use CR as the generic term that encompasses CSR, CER and Corporate Financial Responsibility (CFR). Another way to look at this, is CR=CSR+CER+CFR (Hopkins, 2007). The focus of this thesis is on the environmental aspects of CR, though it is clear from the above definitions that CER and CSR are often intertwined.

For the purpose of these case studies, sustainability and CER are used interchangeably, as was agreed upon with all interview subjects prior to each discussion.

b) Why is CER Important?

For the business sector, competitive advantage is seen as one potential benefit to be derived from CER, as outlined by examples below. There are many innovations a company can undertake that have the potential to be both good for the environment while at the same time setting them apart from their competition. For example, for some time Toyota had a competitive advantage thanks to hybrid technology for its cars (Porter & Kramer, 2006). This is an example of strategic CSR to capture a market niche.

There are considerable benefits, often referred to as 'low hanging fruit', when it comes to cutting operational costs by adopting green measures. There is sizeable waste in large operations, and while energy was cheap, fresh water bountiful and landfills bottomless, being wasteful was almost promoted. As these costs have increased, so too has the business case for reducing waste and consumption. Examples include DuPont reducing energy use saving $2 billion since 1990, McDonalds reducing food wrappers to cut down on waste by 30% (Porter & Kramer, 2006), and Texas Instruments installing dimmers and sensors in its facilities decreasing energy consumption by 80% (Sanders, 2008).

Gaining and maintaining the license to operate (social or not) is also an important consideration. Companies are faced with this problem across all sectors, none so much, however, as the resource extraction sector. For this sector to gain access to their resources, be it logging, mining or oil and gas, they need community support and government consent (Porter & Kramer, 2006), also critical to any long term project success.

The public pressure for businesses to be better stewards of the earth is growing considerably as illustrated by the following studies. According to a Cone Corporate Citizen Study (2002), 76% of consumers would boycott a company if they found the company was not being a good corporate citizen. And this number was up 30% over three years (Sanders, 2008). Clearly companies want to avoid being viewed in a negative light, which can effect their sales and share value. With modern internet technologies leading to a new standard of accountability, business must always be aware of their actions and how they may be perceived. According to Tom Heintzman (2009), social media has brought the community into the sphere of influence.

There are many studies out now that show a positive correlation between CSR and share value. A study by Tsoutsoura (2004) covering most companies on the S&P 500 from 1996-2000 shows this to be true. A similar Canadian study examining the TSX by Hibbard (2000) has the same results. Since a primary responsibility of a company is to its shareholders; it makes sense that if CSR is good for share value that a company should pursue it.

Because of the rise of socially responsible investing (SRI), companies are encouraged to consider CER for the benefit of companies' share value. Ten years ago, it was estimated that 10% of American investments were managed under SRI guidelines, mostly from private investments, charities and private pension plans (Heinkel & Kraus & Zechner, 2001). According to the Canadian Financial Executives Research Foundation (CFERF) "investment funds and pension plans applying SRI mandates represent about $2.7 trillion in assets under management in the U.S., and about $500 million in Canada" (2009, p. 17).

Attracting and retaining employees is a good byproduct of CER initiatives. "Millions of adult Americans … possess a new set of priorities in their personal and professional lives. They want their lives to make a difference in this world" (Sanders, 2008, p. 31). Attracting these people and keeping them is a clear benefit of CER. Much less time is wasted in the recruitment and training of new staff. It also leads to a better work environment if people want to be there, and feel like they serve a purpose (Sanders, 2008).

Some other notable benefits not discussed above include improved brand equity, enhanced regulator relations and improved access to capital (Conference Board of Canada, 2008). All these lead to overall profitability and success of a company.

> An analysis of 52 previous studies accounted for a whopping 33,878 observations on the link between CSR and financial performance. Their conclusion was that there is a positive link between a company's corporate virtue, and the financial performance of a company (Orlitzky, 2002 as sited in Abbey, 2004, pg. 21).

This, amongst many other studies, is strong evidence that adopting CSR initiatives is a worthwhile endeavor for a company's bottom line in many ways. Another supporting study by Ram Nidumolu, Prahalad & Rangaswami (2009, p. 1) states, "sustainability isn't the burden on the bottom lines that many executives believe it to be. In fact, becoming environmentally friendly can lower your costs and increase your revenues". There are many other benefits to the economic aspects of CER, and as time goes on the evidence will continue to mount.

By and large, what it comes down to in this day and age is the vote of the consumer citizen. This is sending a message to business and government demanding action (Heintzman, 2009). Every individual in society has three major influences in how we allocate our resources; how we buy, where we work and where we invest (Sanders, 2008). Companies want individuals to buy their products, attract and keep the best employees, and invest in them. This gives them a competitive advantage over their peers if they succeed. It is at the individual level that is giving CER its importance, and driving this agenda forward. "If you think you are too small to have an impact, try going to bed with a mosquito in the room" (Anita Roddick as quoted by Abbey, 2004, p. 88).

The above has emphasized the economic perspectives on CER, basically as tools to create wealth. Duane Windsor points to the importance of the opposing philosophical perspective of CER. This he states, "results in moral reflection… and should lead to higher levels of [CER] and other forms of altruism" (McWilliams & Siegel & Wright, 2006, p. 16), being good for the sake of being good.

There are also the benefits to society as a whole. There are some obvious ones, such as climate change mitigation, cleaner air and water, as well as species and habitat protection. If we are borrowing the planet from our children, we should leave it as we found it for their benefit. If nothing is done, the world we give to our children could be in very rough shape. Training employees in sustainability is not only good for the company, but many will bring the knowledge and best practices home with them, hence training the next generation (Heintzman, 2009).

CER initiatives are for the most part, win-win examples in the business world, otherwise known as shared value, meaning choices benefit both sides (Porter & Kramer, 2006). For business to succeed locally and globally, they need healthy consumers and a healthy society. And for society to succeed on our increasingly overpopulated planet we need the help of innovative businesses to solve the many problems we are facing today, such as food and water shortages, and dwindling renewable and non renewable resources. "Business is part of the problem and it must be part of the solution. Its power is more crucial than ever if we are to organize and efficiently meet the worlds needs" (Hawken, 2005, p. 17). Heintzman (2009) notes the exciting prospect that we are for the first time empowered with the technology to fix our planet.

c) Assumptions

i) Biases. My overall bias is guided by optimism. Things are getting better and will continue to do so. As more people around the world have their basic necessities of food and water met they are coming to demand a clean environment. Global environmental awareness is at an all time high. It is no longer a fad, having survived the market turmoil we have faced over the past few years. In many cases it pays to be green these days. For all these reasons and many more, I am inherently an optimist.

This research focuses on the best practices in several sectors of the Canadian economy. So it was assumed that all participants are leaders in CER, going above and beyond compliance, given their reputations as 'green leaders'. Also very important to keep in mind is that this study focuses on the Canadian operations of Canadian companies. To look at international operations would be beyond the scope of these studies.

ii) Industry assumptions. This section outlines assumptions about the major areas the questions will focus on, prior to conducting the research. As throughout the thesis, these are divided up by the major units of analysis for the case studies.

1) Understanding of sustainability. Based on the targeted interview subjects, there should be a good understanding of sustainability. Not only are these the top rated green companies by sector; this study is targeting the champions of sustainability within the organization. These people should have a good understanding of sustainability as it relates to their business. Included in the understanding of sustainability is how it is defined as it relates to their business, the most important issues they face and their greatest areas of opportunity. For the most part, it was assumed that respondents would have a clear understanding of these areas.

2) Upper management. This section will examine how individuals in upper management are trained, hired and motivated to address CER issues. The training and hiring of upper management in sustainability issues is assumed to be likely sporadic at best. Their primary role in the company is not that of addressing CER issues. Those whose primary role it is to address such issues will be hired and trained for this, but little beyond that, and are therefore, somewhat siloed in the organization.

The bonus structure for meeting CER goals and targets should be more widespread, although this does not mean straight across the board. It is assumed that some business in a sector will be further along than others. This should be most prevalent in the areas where the most savings can be realized, such as energy, water and waste reduction. Hopefully this research will identify that these are clear bonuses linked directly to aggressive targets for improvement.

3) Committees/board. This section will look at committees that have been set up to address CER issues. More specifically, the power and nature of the committees, how they are set up, who presides over them and their ability to adapt will be questioned. As this is a new consideration for most, these committees will likely have little operational power. If they are appointed bodies, then it is assumed there will be little passionate representation, whereas if they are volunteers, they will be comprised of more motivated individuals, with the former having more operational power than the latter. Their ability to adapt should be greater than traditional committees due to the fact that they are in their infancy and have yet to discover their place within the organization.

4) Measurements and targets. This section looks at what measurement and monitoring systems business have in place for environmental and sustainability issues, as well as what targets are set. As leaders in their sectors, it is assumed that most participants should have comprehensive measurement systems in place for the areas most pertinent to their specific business. Also, striving to be leaders, there should be targets in place to drive change within the company.

5) Reasons for being a Leader. This section will examine why companies are leaders in their respective sectors. Included in this section are the motivating factors, major enablers (both internal and external), and the major barriers to change that they have encountered along the way. Major enabling factors should include the government (regulations, incentive programs), appearance (social license to operate, market share, investor relations, employee retention), competition and upper management. Factors that have had little influence or actually detracted from CER goals should include employees (internal culture), financial resources and communication (staff and general public).

Section III: Methodology

a) Case Studies

Multiple descriptive case studies will be used to evaluate the progress of how the mining, oil and gas, retail, hospitality, telecom and financial sectors in Canada are integrating CER into their corporate strategy. A multiple case design is being employed because evidence is more compelling and robust than single case design, for this type of topic (Yin, 1994).

As outlined above, the sectors include the mining, oil and gas, retail, hospitality, telecom and financial sectors. Six companies were interviewed, which were grouped into three common themes—resource, service and consumer. This provides for a broader understanding of CER across Canadian economy. Two per sector allows for potential analytic generalizations among and between different industries (Yin, 1994). The rational for the categorization can be found below in Section (f).

b) Selection Criteria

To determine the leaders in each sector, I cross-referenced the Dow Jones Sustainability Index (DJSI), FTSE4GOOD, Corporate Knights best 50 (Canada), and Global 100 (also a Corporate Knights initiative). Companies with the greatest overlapping presence across all these lists within the past two years were deemed leaders in their respective sector. There may be discrepancies here that will be justified if taken. An example of this could be where a company is at the top of these lists because of its merits in the social sphere, while their environmental initiatives are not nearly as robust as companies in the same sector. If this was the case, I defaulted to the company with a more impressive environmental initiative.

While the focus of the cases is on CER, there is unavoidable overlap with other aspects of CR, as the terms are often used interchangeably. There are many reasons for this. Two of the most notable being; firstly that CSR and CER departments, positions, initiatives and programs are often closely linked. This is true almost without exception across all the companies studied. Secondly, social issues can often have a direct effect on environmental issues. A good example is the recent BP oil spill that was a result in part, of inadequate attention given to worker safety.

c) Units of Analysis

The main overall unit of analysis for this study is upper management. There are subunits of analysis within that, and include:

1. understanding of sustainability;
2. management personnel;
3. Committees/Board;

4. measurements and targets, and
5. reasons for being a leader.

Unclear or poorly defined units of analysis can lead to vague results. Well-defined units of analysis are key for directing the study and developing strong questions (Yin, 1994).

All data is broken down and presented as percentages from the six companies interviewed, so in most cases the percentages are from these companies. In some instances, the data is presented stating "of the respondents", meaning potentially not all subjects gave a response, which is true for many of the questions. Any questions that were not answered by 67% or more of participants were excluded from the data analysis section.

d) Interviewees

Interviews targeted key individuals in upper management responsible for CSR and/or CER. Chief Sustainability Officers (CSO), Chief Environmental Officers (CEO), board members, chairs/members of appropriate committees, and people identified by the company. Individuals were initially contacted using both phone and email.

The interview period lasted 3 months, starting August 1st 2010, ending November 1st 2010. My goal was to have the interview process completed in as timely a manner as possible. As this is an ever-evolving field of study, should the process take too long the timeliness of the research is considerably diminished.

The majority of interviews were conducted in person. Of the nine interviews, one took place over the phone because the distance was too great to travel at short notice. One interview was conducted by email correspondence because there were some gaps in the initial research so another source was required at short notice to compete the data collection. Email was the communication method of choice for the participant. The style employed was a semi-structured open-ended interview. Interviews are recorded by hand and with permission a digital recording device.

e) Secondary Data (Company Specific)

The majority of secondary data on the integration of CER into corporate strategy came from company CSR and/or sustainability reports. This included commonly held information about reduction targets/measurements, stakeholder engagement and employee education programs. These sources of information were thoroughly examined before the interviews, so as to avoid overlap and wasting participants' time.

f) Grouping of Participants

One company was selected from each of the mining, oil and gas, banking, telecom, retail and hospitality sectors. For the purpose of extrapolating more meaning from my findings, these companies were then grouped into three separate categories. The mining company and oil company were grouped together under the resource industry for several reasons. They are both extracting resources from the land, are extremely carbon intensive and have substantial effects on the communities in which they work.

The banking and telecom companies were grouped under the service sector as they both supply customers with a service, and manufacture no material product of any significance. They share common issues when facing sustainability, their office power consumption and paper for internal and external use are some of their most clear and substantial impacts on the environment.

Retail and hospitality were grouped together under the consumer sector as they supply a more tangible product than banking and telecom. Retail is obvious in that they sell manufactured good to the general public. The resort sells food and clothing, rents equipment, and supplies guests with accommodations. Though these similarities could be viewed as somewhat arbitrary, they share more similarities than any other sector of the Canadian economy covered by this research. For the purpose of extrapolating meaningful generalizations from this study, they were grouped as a unit of analysis. As the data is analyzed, the many similarities between them should emerge.

Attempts were made to include the manufacturing and technology sectors. A number of eligible companies were contacted but were not able to participate in the case studies for one reason or another. These would have been interesting sectors of the economy to include. Manufacturing would have shared similarities with the resource sector but could have offered different perspectives. The technology sector could have shared similarities with the service and consumer sectors but once again could have brought new perspectives to light.

Section IV: Analysis of Data

It is important to note before analyzing this data that all interviews were conducted with those working in environmental sustainability. These people are more connected to CER than most others in their firm. There will likely be some strong biases as a result of the individuals targeted for this research.

For the sake of clarity, data will be presented one question at a time followed by how the participants responded. Analysis of why they answered as such and the identification of common themes throughout will be addressed. Also touched on in this section will be potential biases, lessons learned and directions for further study, though for more detailed analysis, please refer to section V.

a) Understanding of Sustainability

This section looks at how business leaders understand sustainability as it relates to their business, seemingly a simple question when talking with leaders in this field. It is actually quite a difficult question that may never have one answer. As communities, the environment and business change, so too will the definition of sustainability as it relates to specific businesses. Lacking a clear vision of sustainability and how it relates to your company is the third of the seven sustainability blunders (Doppelt, 2003). Keeping this in mind, let us examine what the participants said.

Q. Define Sustainability as it relates to your business.

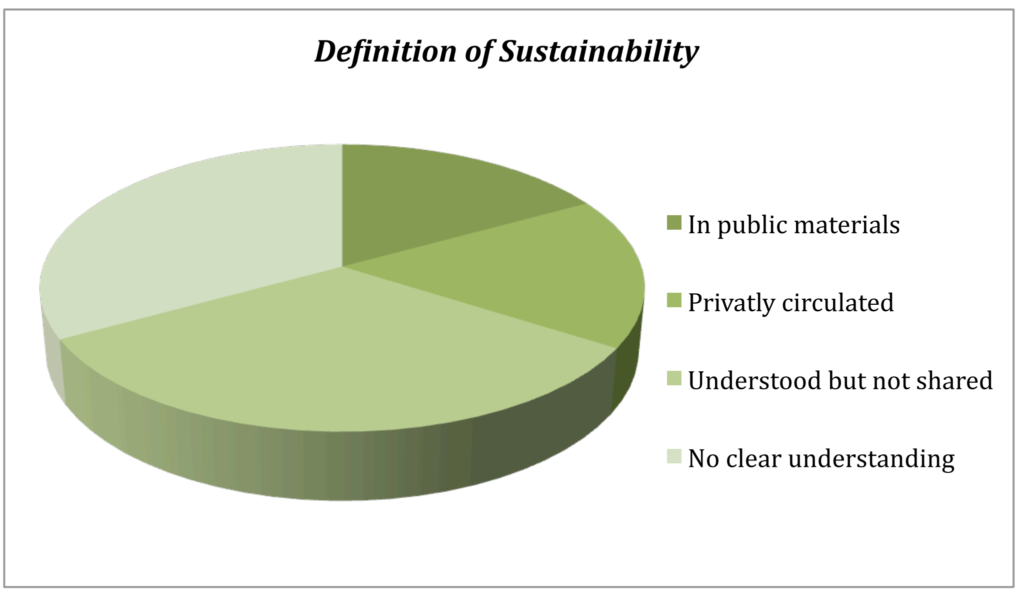

Figure 1. Defining Sustainability

There are many definitions for sustainability, and when understanding how that relates to a specific business there is even more confusion. When asked to define sustainability as it relates to their business, 67% of respondents gave a sufficient response. All participants had a response of sorts, but 33% of them did not exhibit a clear understanding of how that related to their specific operations.

More surprising still is that only 17% display a clear understanding of sustainability in their public materials, while another 17% have it circulated as an internal document. So this means that the overwhelming majority of participating companies do not have a standard definition of how sustainability relates to their business in hard copy for company wide review, let alone for the general public. This is likely because companies are fearful of releasing such statements before getting it right. This is discussed in more detail later on.

A common theme among most respondents who could clearly define sustainability as it relates to their business was that they had gone through some public consultation. The only company that publically displays (website and annual sustainability report) a succinct of understanding environmental sustainability and how it relates to their business and stakeholders is also the only one that hosted extensive public consultation to find out how it should be defined. This company also acknowledges it is still a work in progress.

Interestingly, the service sector is the only group illustrating unanimous understanding of how sustainability relates to their business. As they rely directly on consumers for the bulk of their revenue it may be the case that to retain loyal customers and staff, they must understand what sustainability means to their clients. It is important to note, however, that both of these businesses are geared towards outdoor activity so they are likely required to pay more attention because of the space they work in and the clientele they generally attract.

Q. Does upper management understand what environmental issues are most relevant to your type of business?

Across the board, 100% of respondents understand what environmental issues are most important to their business. This is an important fist step towards implementing CER. A business must know where it is at in order to know where to go.

There are discrepancies in how companies came to this understanding and how they communicate this understanding. Both companies in the resource sector have by far the most comprehensive public lists of what their top concerns and priorities are. This is likely because their day-to-day actions have a far greater impact on the natural world than any other sector covered in this study.

In the interviews, the resource companies stressed that social license to operate is considerable in this day and age, and not having a clear understanding of the companies' top environmental concerns would jeopardize their ability to operate in most communities. This has been learned from previous experiences, which in some cases the companies are still paying for. Furthermore the oil and gas company states that its top environmental concerns are ranked on stakeholder concerns and business impacts.

Q. What are the greatest areas of opportunity for your company to be more sustainable?

It is encouraging to see that 100% of participants in this research understand where the greatest area of opportunity is for their respective business, bearing in mind that there is often disparity between vision and action. A few interesting points that were brought up with this question include; some have the shared view that environmental sustainability is becoming intertwined with sustaining the company, and there is a duty above and beyond to help others (business and the public) realize their potential to be sustainable.

Q. How is your company aligning sustainability with business priorities?

Of the interviewees, 83% said they were carrying this out and could answer succinctly. All companies are at a different level of implementing this goal. To gain a proper understanding of where individual companies are at on this spectrum is beyond the scope of this research. For the purpose of this thesis, identifying that they are on such a path, and how and why they do it was deemed sufficient.

All consumer and all resource respondents gave succinct answers. The two consumer organizations view it one and the same, although for different reasons. One is driven by finding the right green programs that pay, while the other has a much more altruistic outlook. An altruistic outlook is not a luxury many can afford. Normally, business viability always comes first.

The resource industry interviewees also shared a similar view, and for the same reasons. The long term must always be considered when examining a potential project. All risks and opportunities must be considered before going ahead. This is the way they believe business must be done, for there is a direct impact for not doing so that can often have serious effects on the viability of the company and industry as a whole. Past mistakes have helped solidify this view because when not addressed properly, a company may be subject to heavy financial burden years after a project is no longer active.

Q. Do you leverage your position with social media and marketing?

100% of respondents do participate in some from of green marketing. The consumer sector companies do not do as much as they feel their brands and actions speak for themselves. It is one and the same for these companies. For the remaining companies, there was a wide range of emphasis placed on marketing and the use of social media. Some companies were hesitant because it is often hard to find the right way to communicate with the public. As noted by one interviewee, these days the publics' attention is in such small information bits that to explain a detailed sustainability plan or green agenda can be difficult, and often misperceived (Interviewee A).

From information gathered it appears participants are for the most part involved in informative rather than persuasive CER advertising. Informative CER advertising provides information about the firm's CER efforts, while persuasive CER advertising attempts to influence the consumer towards green goods. (McWilliams et al., 2006). The latter can often be perceived as dishonest and disengenuous. When it comes to social media there needs to be a communication group and marketing strategy to make it effective, and many interviewees were not there yet nor did not appreciate the need to be.

b) Upper Management

This section looks into how individuals amongst upper management are trained, hired and motivated to address CER issues. Some analysts claim that leadership must come from the top for environmental initiatives to gain traction (Conference Board of Canada, 2008), also supported by a CFERF study. In their study, 60% of respondents believed the CEO and board were the key drivers of sustainability, while 42% indicated the

CFO as another key driver for sustainability implementation (CFERF, 2009). True, there must be support from all levels but often the drive is strongest when championed from the top. This is simply because employees in such roles have more operational power to educate, divert resources and implement change. So how companies train, hire and motivate management towards sustainability is a key issue in the active engagement and implementation of CER.

Q. Is sustainability a consideration when hiring upper management?

When asked this question, 50% of interviewees stated that they routinely consider sustainability when hiring upper management, 33% do at a marginal level, and 17% do not. This is an unexpected result, at the outset of this thesis these types of numbers were not expected.

Figure 2. Sustainability Hiring in Upper Management

The fact that 50% of respondents actually consider sustainability when hiring upper management is surprising. A grain of salt must obviously be taken with this information; nonetheless the fact that it is a point of discussion amongst business leaders is a step in the right direction. Both companies interviewed in the resource sector are included in this 50%. They recognize that every one in upper management must embrace CER, at least to some extent. In both cases there is direction and buy in from the CEO. They also both acknowledged that concerns surrounding sustainability go both ways, upper management candidates are asking companies what their stance is on sustainability and environmental issues. So employee attraction/retention appears to be a real issue here.

The 33% of companies that are characterized at a marginal level in their consideration of sustainability are referred to as such because sustainability is only considered for some of their hiring. It is very much dependent on the role to be filled. In most cases, these are roles that have to do with sourcing and marketing. Both the service sector companies interviewed comprise this 33%.

The 17% that do no consider sustainability at all is represented by one of the companies in the consumer grouping. It is a special case because upper management does not concern itself with sustainability, and currently has a very short time horizon when planning for the company. Most of the strength of this award winning company comes from the grassroots, the employees in the organization. This is for the most part the exception to the rule. Once again it is likely due to the fact that they are an outdoor recreation oriented company.

Q. What training programs exist for upper management in sustainability?

83% of respondents do have some form of sustainability training. In most cases, it is part of a broader company wide initiative that includes all aspects of CSR, with CER being a component. It is often a short informative session or even less sometimes. A few of the participants expressed frustration because educating staff on sustainability is often viewed as a waste of time as it takes away from hours spent making money for the company. Further educating staff and management in sustainability related issues is imperative if businesses are going to avoid the fifth sustainability blunder: lack of information (Doppelt, 2003). To meaningfully implement desired CER changes in a company, the necessary players must understand the need for, and benefits of the initiatives, otherwise resistance is likely (Doppelt, 2003). For the full list of the seven sustainability blunders, please refer to Appendix B.

In order to probe more deeply into this question, I asked an additional question: Are there programs specifically designed for upper management that deal specifically with CER? 83% of the companies interviewed responded negatively. Only one of the companies does specific position dependent external training programs for upper management. Further questioning is required to find out the answer to this apparent disparity. It is obviously not a priority, but why? It may be too time consuming, too expensive or experts in the field have been hired so it is thought that it need not be a focus for all upper management. The information gathered by this research is not sufficient to answer these additional questions.

Q. Are there financial incentives for management for reaching green targets?

Feedback on this question is also encouraging. 100% of respondents offer financial incentives to management for reaching a wide variety of environmental targets. In all cases, these incentives are tied to annual bonuses. It is very dependent on the department within the company, and also what sector the company is involved in.

The consumer companies have a clear bonus structure linked directly to environmental measures. Bonuses are dependent on the role of the individual, commonly including supply chain (retail), energy (resort) and waste (both). Interestingly, the consumer-based companies are the only one with bonuses linked to hard reduction targets. This is likely because they are the only companies with full measurements for energy use and waste produced. All service and resource companies are working towards full measurement. This will be discussed in more detail below in Section IV (d). The telecom company's primary focus is on energy (fleet, IT, network), for finance it is not entirely clear but energy and supply chain are a focus. For the mining and oil sector, there are bonuses for health, safety and the environment. They are all grouped together, but according to one interviewee, environment is slightly more prevalent overall.

All the companies appear to have clear bonuses linked to environmental performance, exhibiting a clear understanding of what issues are most important for their given field of business. More in depth analysis as to how these are structured would prove beneficial, but the individuals interviewed for this research are for the most part not the most knowledgeable in the company about bonus structures across all the different departments of their given business. This will require talking to divisional managers and human resources, amongst others.

Q. Who takes care of CER initiatives and how much financial/operational power do these roles possess?

Of the companies interviewed, 100% have an individual at a senior level that manages CER initiatives. Though their titles differ their roles are for the most part the same. The resource and service sector respondents unanimously explained that the role is much more advisory. They are all high level positions reporting almost directly (at the most once removed) to the CEO, COO, CFO or equivalent. The role is more to define goals and targets that are approved and then directed to relevant sectors of the company for implementation.

c) Committees

This section studies the questions that examine committees that have been set up to champion CER, specifically, the power and nature of the committees, how they are set up, their ability to adapt and who presides over them. Important to the strength of any CER agenda within a company is that committees are established to ensure that goals are being set and met. Also imperative is that these committees be comprised of passionate and committed individuals (Heintzman, 2009).

Many questions concerning the Board of Directors were asked of the interviewees. The majority are not included in the presentation of data because the individuals selected for this research were not the most knowledgeable in this area. Representatives from the Board of Directors should be interviewed for this purpose, although it does signal a disconnect between those responsible for CER implementation and higher levels of decision-making. For further information, a study on this topic published by the Conference Board of Canada (2008) titled *The Role of the Board of Directors in Corporate Responsibility* may be of interest. (This study concludes that the role of the Board in overseeing environmental performance is growing.)

Q. Are there environmentalists on your board of directors?

Of the respondents, 50% do not have environmentalists on their board and 50% do. The financial and telecom sector have no environmental representation on their board of directors, retail has significant, while the mining company has reasonable representation in this category. A mistake for a mining company can have vastly larger direct environmental consequences that that of a telecom or financial institution. That being said it would be good to see more environmentalists on the board of directors across all sectors of the Canadian economy.

As leadership is so important in realizing the goals of being a good corporate citizen, more representation on boards should be a priority for any company eager to improve its CER performance. It is in fact a critical factor for the success of CER within a company (Conference Board of Canada, 2008). Directors should “be recruited for their CSR competency and… be strong champions of sustainability” (Conference Board of Canada, 2008, p. 21).

Q. What committees have been set up to address CER issues?

100% of respondents have established some form or another of a committee to address CER issues. This is with out a doubt an important step towards integrating CER into corporate strategy, but further analysis is required to examine the effectiveness of such groups. Clearly, the level of their reporting in the company is critical to their credibility throughout the company. The questions to follow take a deeper look into these committees.

Before moving on, it is important to note that for the most part these committees do not meet that often. The common reasons sited for this disparity, point to the fact that they are not given top priority. The issues are not core to the traditional business the companies are involved in, so it can be seen as taking away from the productive goals of the company. Common amongst most interviewees is that energy efficiency is a primary goal of these committees. This is the 'low hanging fruit' referred to earlier and one would hope best practices in the studied sectors are leading the way in looking well beyond just addressing efficiency to assist the companies bottom line to reconciling the three imperatives of sustainability into their bottom line—ecological, social and economic (Dale, 2001).

Q. Are these environmental committees comprised of passionate individuals?

The committees will likely have considerably less impact if they are not compromised of passionate and deeply committed individuals. 50% of the interviewees responded affirmatively to this question. If only half of the leaders in sectors have passionate individuals on their environmental committees then the numbers are likely much lower among the late adopters of CER practices and goals.

So why is there such a lack of passionate representation in committees with a strong environmental focus? All respondents lacking adequate 'passionate' representation have appointed their members. However, one of the resources companies that appoints does claim to have passionate representation, because their selection process screens to ensure a strong commitment to this mandate. So it would seem that companies can appoint sustainability committee members, as long as there is a screening process ensuring passionate individuals are appointed to the committee.

Q. How much power and influence do these committees have?

Presently, the majority of the companies interviewed do not grant much power and influence to their environmental committees. Only 40% stated they do. For the most part, these are new bodies and have yet to be granted much power. They act more as an advisory group across the different departments within the company. Power, influence and methods vary widely among the companies in this research.

The two that appear most successful from the data are; first, a consumer committee that has the power to reject strategic plans of the company, thereby directly affecting targets and policy, and second, a service sector appointed committee that has senior management representation from all major departments, and sets targets that determine annual bonuses. The other service sector company has a volunteer committee, and the interviewee cited problems bringing the group together regularly, and lacking the power to facilitate any meaningful changes, as two major stumbling blocks.

Q. Are these committees adaptive?

100% of respondents claim their environmental committees are adaptive. The biases of the chosen interviewees are likely prevalent here. The general theme here is dominated by optimism. Respondents are optimistic about the future of CER and hence the maturing of committees that manage such issues.

These committees work across all major departments within their respective companies. This is hopefully leading towards breaking down the traditional siloed approach to environmental initiatives. This is referred to by Doppelt as the second of the seven sustainability blunders (Doppelt, 2003). Separate departments within organizations traditionally work independently of each other, and as no single managing group sees over the entire company, systemic problems can be overlooked. There will be a learning curve for all who are trying this, in how to best integrate company wide and increase cross-sectoral dialogue to improve efficiencies.

d) Measurements and Targets

This section looks at what measurement and monitoring systems business have in place for issues to do with the environment, as well as what targets are set. Though it may not appear targets are directly linked to CER and upper management, there is value in including this section. According to Doppelt (2003), the fourth of the seven sustainability blunders is confusion over cause and effect. Without measurements and targets a company will not properly comprehend the value of its initiatives. As upper management is responsible for setting targets, I considered this to be important data to capture.

Q. Do you have targets to use renewable energy?

33% of participants have targets for, and already do use renewable energy. This includes hydro, wind, geo-exchange, solar thermal and solar photovoltaic generation. The only sector using renewable energy is the consumer group. Of companies that do use renewable energy, 50% show production in comparison to total annual consumption of the companies' operations. In order to prove the value of renewable energy projects, and ensure it is not seen as green washing, it would be preferable for all companies to present the data as a percentage of overall annual energy usage.

Q. Does your company participate in carbon offsetting?

In some form or another, 50% of participants in the study carbon offset. This is not a sector specific phenomenon, 50% from each sector interviewed offset emissions. Offset methods include Bullfrog Power, EcoLogo Certified green power and ownership in renewable energy projects for rights to carbon credits. Once again offered as a percentage of overall energy usage, the act of offsetting would possess more value. None of the companies covered in this research do so, though they all state how much they purchase or offset.

Q. Do you have targets in place for reducing waste, energy consumption and GHG emissions?

This question was addressed in conjunction with measurement processes, as a company should not have reduction/efficiency targets without knowing their current consumption/output.

ENERGY/WATER CONSUMPTION

	YES	NO
Measurement system in place?	50%	50%
Targets set?	33%	67%

RECYCLING

	YES	NO
Measurement system in place?	33%	67%
Targets set?	33%	67%

GHG EMISSIONS

	YES	NO
Measurement system in place?	83%	17%
Targets set?	50%	50%

Table 1. Environmental Measurements and Targets

As can be seen from the table above, there is a strong relationship between measurement systems being in place, and setting targets. Every company that has established targets, be it recycling, energy/water consumption or GHG reductions, also has a detailed measurement system in place.

It is important to note that though many do not yet have concrete targets, they are making efforts to reduce energy and waste consumption. There are countless examples of this, from the traditional (ex. toilets and light bulbs), to cutting edge technologies in industrial processes (ex. carbon sequestration), to in office initiatives driven by individuals (ex. bike to work initiative).

As can be seen in the table, 83% of respondents measure GHG emissions. Like the other areas where full measurement is claimed, it must always be taken with a grain of salt without verification. As one of the interviewees admitted, their GHG emissions are up year over year because of greater energy data coverage in their property portfolio. This is likely the same with most large companies. According to respondents, this focus on GHG emission cataloging is largely due to anticipated government regulation.

Of the 50% of companies that do not have detailed measurement and monitoring systems in place, all of them are working towards the goal of having a full understanding of recycling volumes, energy/water consumption and GHG emissions. And the larger and more energy intensive the company, the harder it is. None of the resource sector companies have full across the board measurement and monitoring systems in place currently. Both consumer companies, however do, this is in part because their operations are considerably smaller and less energy intensive than resource sector companies interviewed.

Q. Do you evaluate non-financial performance?

In some form or another, 100% of respondents say their companies evaluate non-financial performance. In all cases, these goals are linked to management bonuses, illustrating how seriously companies are starting to take these issues. The resource sector companies appear to have the most rigorous evaluation mechanisms for non-financial performance, again, likely due to the severity of some of the potential mistakes that can occur. For example, the oil company interviewed links spills (or the lack thereof) to manager and executive bonuses.

Q. Have you seen a change in the traditional definition of ROI?

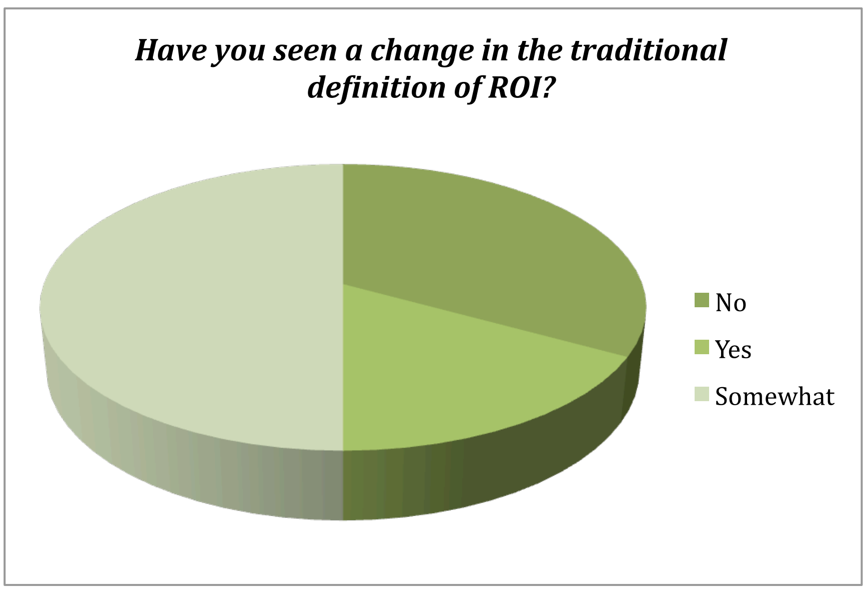

Figure 3. Changing Definition of ROI

This question elicited a wide range of responses. 33% replied not at all, 17% yes, and 50% somewhat. The service sector responded clearly across the board that there is no change in the definition of ROI. As a bank and a telecom their fundamental businesses for the most part are not effected by environmental issues, at least when compared to sectors such as mining and oil.

Interestingly the resource sector companies unanimously agreed that there is a shift approaching in how ROI is perceived in their companies. It boils down in both cases to risk management. Resource sector companies must be very prudent in modern society in making new investments. Meeting requirements in environmental cleanup can be very costly. Getting involved in the wrong project can bankrupt a company. Long-term environmental consequences of their actions must be taken into active consideration in the initiation of any new project, a recognized shift in the traditional definition of ROI in that sector.

e) Reasons for Being a Leader

This section examines why companies are leaders in their respective sectors. Included in this section are the motivating factors, major enablers (both internal and external), and the major barriers to change that have been encountered by these companies. Knowing where these companies have come from is an important step in developing a framework for late adopters to catch up.

Q. What have been the motivating factors for becoming a leader in your sector?

The following chart shows the four most common responses to this question. To clarify, incident refers to an environmentally negative occurrence within the company or industry that led to action. Compliance is defined as meeting government requirements. Appearance refers to desired positive perception amongst piers, employees and the general public. Internal culture includes the beliefs and habits of the general population of employees.

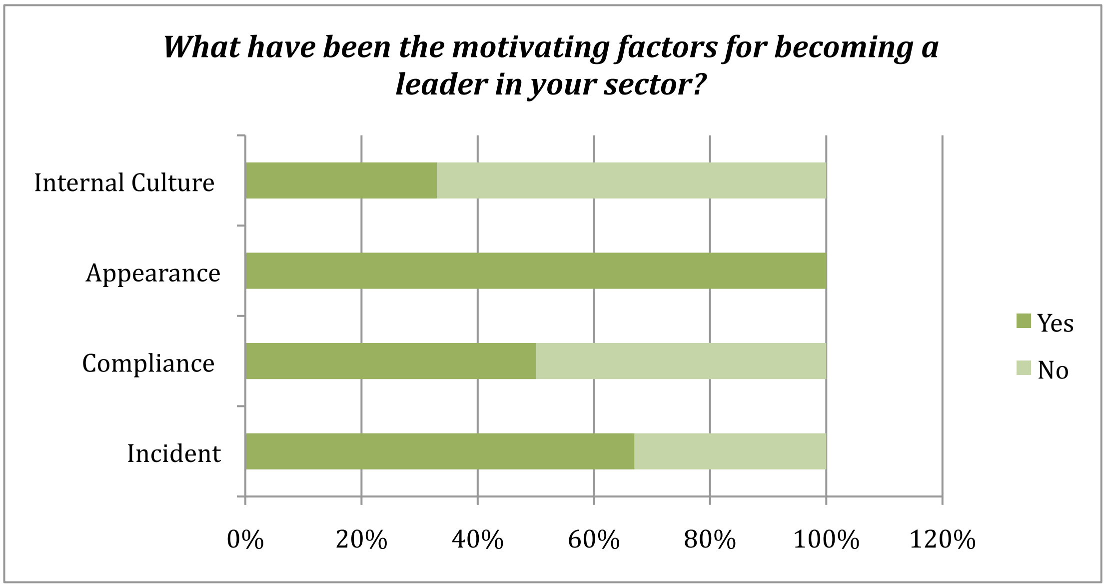

Figure 4. Motivating Factors

All resource sector companies sited an incident as the initial call to action, then compliance as the following driving factor. To be clear, this is historically speaking and has changed over time. As for any respondent who cited an incident, these are triggers that were created some time ago. Late adopters should not wait for such a trigger to be spurred into action.

One of the companies that did not cite an 'incident' as the initial trigger was the telecom company, rather they cited compliance as the initial motivating factor. The other company that did not claim an incident as a trigger said it was more a concern of appearance. This retailer believes that being an outdoor oriented supplier obligates them to strive to preserve the natural habitats that their customers value, making them the exception in this research.

Appearance and internal culture are for the most part more recent factors. Every interviewee cited appearance as a motivating factor for developing CER, which is not surprising given the attention environmental issues receive these days. Appearance has many beneficial factors as outlined earlier in Section II (c).

When discussing the effects of internal culture of a company to motivate action, only 33% cited it as a real factor, unanimously the consumer companies. Obvious reasons for this could be the size of the companies and the fact that they are outdoor recreation oriented business. None of the other respondents credited internal culture to be a substantial motivating factor for being a sector leader. Internal culture could easily be a barrier to some of the other companies, as illustrated below.

Q. Who/what are the major enablers of sustainability within and outside your organization?

There were a wide variety of responses to this question. The following chart shows the six most common responses. For the most part the definition of these terms are self-evident. To clarify, community can mean the communities the companies work in, employ (not directly) and effect.

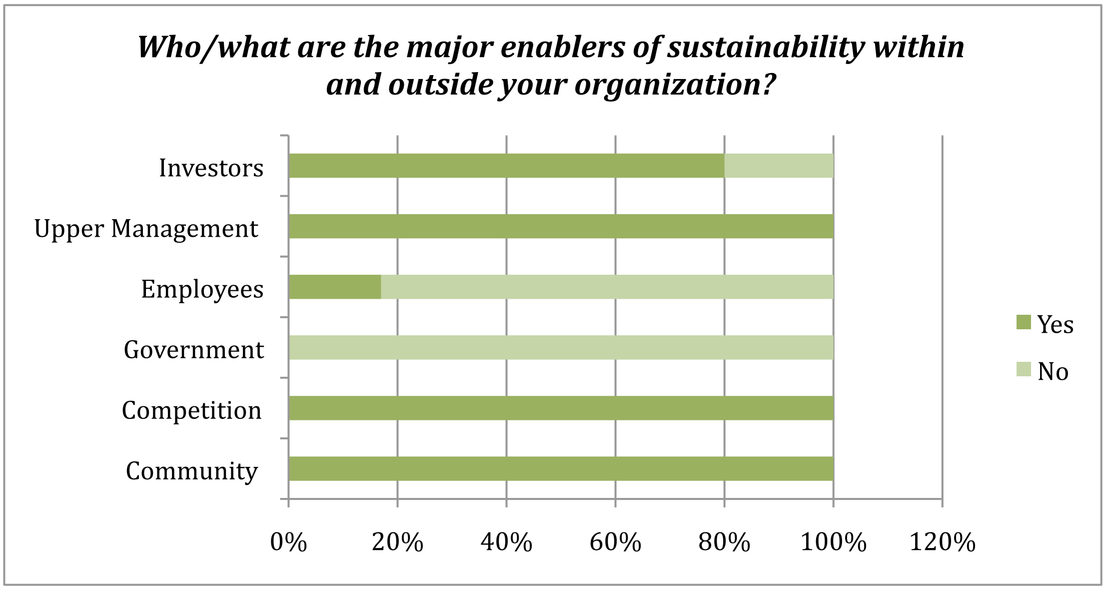

Figure 5. Enablers of Sustainability

Perhaps the most surprising of the top six responses is that not one respondent credited the government as being a driving force behind their companies' CER efforts. A reason for this could relate to findings in a recent Deloitte study (2010) carried out among American based companies, that stated the majority of the study participants were unaware of and did not utilize government grants or programs promoting energy and water efficiency. It may also be a result of a weaker regulatory environment, which again, is beyond the scope of this thesis.

The other notable statistic is that employees are not cited as being an enabling factor. This is directly linked to part of the previous question. Employees and internal culture account for 17% and 33% respectively of respondents' reasoning for being leaders in their sectors. The division here is clearly by sector. Staff support comes in the consumer sector, and not at all in the service or resource sectors. Once again, the influence of the consumer sector companies should not be underestimated.

One notable source of pressure that is not in Figure 5, is that one of the companies cited non-government organizations (NGOs) having played a role towards developing CER within their company. In recent years NGOs "have grown much more aggressive and effective in bringing public pressure to bear on corporations" (Porter & Kramer, 2006, p. 80). Not that NGOs do or do not offer internal guidance, but that they apply enough pressures to warrant the need for changing corporate practices.

Q. What are barriers to implementing change that you have encountered?

Once again with a variety of answers, the most common have been grouped into the following table. The following headings are self explanatory, and will be further elaborated below.

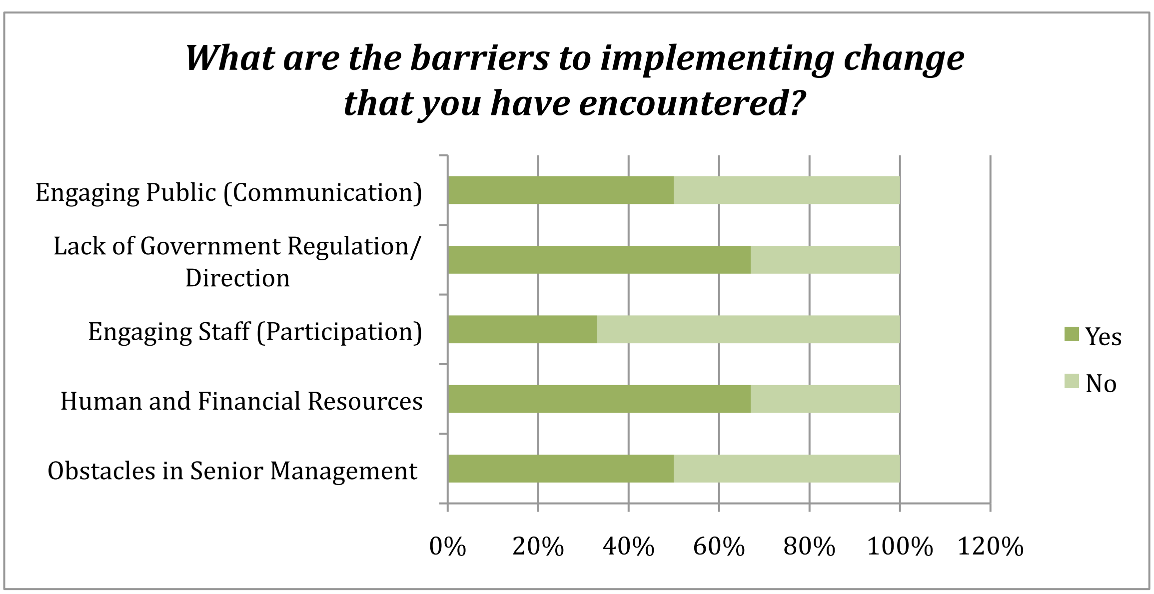

Figure 6. Barriers to Change

No trends could be found by sector for barriers to change originating in senior management. 50% of the respondents acknowledged that there have been barriers to change originating in upper management amongst every sector of the Canadian economy interviewed. Further research is needed to discover how to eliminate such obstacles, be it changing the mindset, role, or power of certain management positions. It could be argued that there is always resistance to change good or bad, and that is just a fact of life. Naysayers create healthy competition and force drivers of change to be more thorough. One common concern of upper management is that there are many CER initiatives that do not generate traditional income for the company, therefore, they should not interfere with those activities that do. This relates to questions surrounding valuing traditionally non-financial performance, and the traditional definition of ROI, as previously discussed in Section IV (d).

Human and financial resources could be cited as a barrier to change by all respondents, however only 50% acknowledged it as such. Most that do not reference lack of resources stated that it is all attitudinal. As stated by one interviewee, "Sure everyone could do more with a bigger budget, we have no complaints about that, you've just got to get on with it" (interviewee A).

As far as engaging staff, 33% say it is a problem. The service sector companies unanimously say this is a major problem. These are big companies, and CER initiatives regularly do not take top priority.

> In big companies like ours, people who manage staff want there to be less communications with general staff because it wastes their time. They should be

> focusing on what there are here to do which is basically to make money for the company. (Interviewee D)

According to Doppelt (2003) these institutions fall into the sixth of the blunders: insufficient mechanisms for learning. Progressive learning of sustainability within the company is not promoted, therefore, learning can be sluggish and adoption impeded.

All the consumer sector companies stated engaging staff was not a problem, likely because (as already discussed) of their business line implicated in the natural environment. The resource sector respondents did not acknowledge employee engagement as a problem either. More in depth analysis is required because this is contrary to information collected in other case studies. As sited by a participant as a challenge for change in the Delloite study (2010, p. 10), "a lot of it will be changes in procedures and mindsets for employees to segregate scrap metals, turn off valves, close valve shutoff lights, and those types of things". Staff from all divisions and levels of a company need to be questioned to discern whether or not employees are actively engaged. It can also be viewed an being in conflict with answers in the previous two questions, where respondents for the most part do not cite internal culture or employees as being a driving force behind change.

Communicating with the public is cited as a barrier to change by 50% of interviewees in this study. The main point here is that often public concern or backlash to environmental issues a company is facing can be misunderstood or in some cases, misrepresented. Properly informing the public is difficult. As stated by a representative from the consumer sector, "often what we are working on is very complex and when it is reduced to a sound bite it loses its value, it partly about consumer attention span. How we close that gap is important" (Interviewee B). One of the resource sector companies expressed the same concern. Justification for going ahead with CER initiatives to gain social license to operate is diminished if the public does not appreciate nor understand the value.

Interestingly, lack of government direction was sited by 67% of respondents as a barrier to change. This was unanimously stated by the consumer and service sector companies. Being best in the sector involves going above and beyond compliance and further than the competition in CER initiatives. Many firms are tentative on moving forward for fear that government regulation introduced later could inadvertently punish early adopters. Definitive direction supplied by the government would give companies more security in pushing CER initiatives forward. None in resource sector desire more government regulation, though they stated they did want to be at the table when new regulations are discussed.

While 67% sited lack of government regulation as a barrier to change, 83% of participants in the study said they would like to see further guidance from the government. As stated by a representative from the resource sector "One of the industry's most significant regulatory risks is a lack of policy clarity" (Interviewee F). Other reasons included level the playing field with the laggards and that it would help the cause for change internally. As said by EnCana's Sherri Brillon when discussing huge investment decisions, "you'd like to think you can plan for an opportunity in a predictable regulatory environment. But these days, you almost plan for regulation changing" (Pitts, 2010, p. B8).

At least one representative from each category of business stressed the need to be included in the process so as to avoid cumbersome/ineffective regulations being put in place. Businesses for the most part would rather receive an end target and figure out the most effect way to get there. 50% of respondents complained about time-consuming unnecessary paperwork when addressing government required environmental reporting. It is not that they want regulations removed, but that they are able to execute in a much more effective manor.

One notable barrier not in the chart is supply chain concerns. Only 33% of respondents sited this as a barrier to change. Major discrepancies likely arise here based on how a company defines supply chain and how far down the chain they chose to include in their analysis. If supply chain is defined as "all stages of the business process from sourcing raw materials to delivering the completed good or service to the customer" (Hopkins, 2007, p. 147), then in reality it should be a barrier to 100% of companies interviewed. There are major deficiencies among producers of all sorts of goods around the world, problems in low emission transportation and the subsequent disposal. None of the resource sector companies sited supply chain issues as a barrier to change. This may be because it is not viewed as a low hanging fruit for the sector.

Even though only 33% identified supply chain as a barrier to change, 100% did cite it as an area of concern. These concerns are specific to the type of business of the companies interviewed. Companies that do not manufacture but do supply goods cited working with manufactures as sometimes troubling. These Canadian companies in question are not large enough to change practices among big manufacturers. The financial services interviewee cited computer recycling and using FSC certified paper as major initiatives in supply chain improvement. Overall, there is considerable room in this field for leadership and innovation. Many respondents are working on innovative solutions, which will be covered in more depth in Section V (a), Further Study.

Q. Do you solicit stakeholder engagement?

As could be expected, 100% of respondents do in fact solicit stakeholder engagement. There are a wide variety of ways that these businesses carry this out, not only in the forum for communicating, but also who is considered a stakeholder. Soliciting stakeholder engagement is part of avoiding the fifth blunder of sustainability: lack of information (Doppelt, 2003). Stakeholder engagement has the power to include and educate all concerned parties inside and outside the company, and it is very encouraging to see that the scope of stakeholders and engagement methods is continuing to grow. There is considerable value in doing this, as stated by Mel Wilson when discussing stakeholder theory:

> …the stronger your relationships are with external parties, the easier it will be to meet your corporate business objectives; the worse your relationship, the harder it will be. (Wilson, 2008, pg.4)

As mentioned earlier, Wilson contends that stakeholder theory is a major contributing concept to corporate sustainability. Stakeholder engagement can overlap with education and public outreach initiatives. A great example of this is General Electric's Ecomagination Challenge (http://www.ecomagination.com/). The challenge engages the public and stakeholders to discover new sustainability innovations. The second phase now in action is looking for ideas on how to manage home energy use.

f) Future of CER

This section takes a broad look at CER and what role it is expected to play in the future of individual companies, different business sectors, and the Canadian economy as a whole.

Q. Do you see value in making CER more central in your firm's strategy in years to come?

Straight across the board, 100% of respondents see value in making CER more central to their firm's strategy in the years to come. The consumer and retail sectors all share the common view that it is already proven and makes business sense, for the reasons outlined in Section II (b).

The resource sector companies differ from the rest of the sectors in some respects in their response to this question. This is due mainly to the requirements of how they do business. Resource extraction is long term, with potentially lasting damaging effects on the natural environment. One respondent admitted projects completed 20 even 50 years ago, are getting them in trouble now (Interviewee E). The long-term viability of their businesses is dependent on long term planning and responsible resource extraction. So much so that, "many main stream stakeholders are now tracking these issues, such as insurance companies" (Interviewee F). The importance of maintaining the support of investors and insurance companies is paramount to the viability of these massive resources extraction based projects.

Q. What is the future for CER?

All respondents share the view that CER is here to stay and is becoming the way to do business. It is not leading to a green collar work force however. This is supported in the recent Deloitte (2010) study as well. It is seen more as being integrated into traditional roles within the company. "Sustainability will be integrated into existing roles and job descriptions as a prerequisite for employability" (Deloitte, 2010, p. 14), which is already happening. A respondent from the resource sector noted, in their job description for a new CFO, an understanding of sustainability was a desired prerequisite (Interviewee F).

Not one interviewee is concerned at all that it is a fad. As rightly noted by one participant, "it is here to stay, if not it would have faded in the last recession" (Interviewee C). The fact that it has gained traction among business leaders, government officials and the general public, while we have faced one of the worst financial crises in some time, is without doubt promising.

Both resource companies shared the view that it is better to be part of the solution as we move forward. The only voice of concern when discussing the future of CER came from one of the resource based companies. It is a voice of concerned optimism. "It is an interesting dynamic and potentially a huge problem… How do we raise all boats?" (Interviewee F). Because industry is competitive, one goal of CER must be to enhance the industry as a whole. There is a fine line to walk here in many respects. The two most important cited by interviewee F are that; firstly, how much proprietary information should be shared to help industry wide enhancement without giving up hard fought for competitive advantage? Secondly, how do you best demonstrate your own advantages without publically trashing your competition? These concerns would obviously vary amongst different sectors of the Canadian economy. This is also an area that requires further research, and will be discussed further in the recommendations for further study, Section V(a).

Section V: Recommendations and Conclusion

a) Recommendations for Further Study

i) Bonus structure. The bonus structure for management and executives must be creatively designed and dynamically implemented if a company hopes to drive a CER initiative forward. 100% of participants in this research offer bonuses for 'green' targets. Initial research does not portray an accurate depiction of the bonus structure, simply because they are present among a variety of other bonuses. These bonuses may in fact be inadequate and convoluted. Finding out how the bonuses are structured, how progressive, challenging and widespread they are, and what percentage of salary is involved are important further questions to consider. This requires talking to different departments than sampled for this thesis.

ii) Government regulation. Further study on what different sectors want from the government as far as enabling direction would be useful. Also, information should be solicited on what is not working, and how best to include business in the design process of future regulations so as to avoid cumbersome programs or targets. All companies in this research expressed frustration with lack of government direction in the field of CER.

iii) Company wide integration. Further study on actual company wide integration is needed, because talking to upper sustainability representatives does not paint a full picture. What is written in sustainability reports or talked about at head office can be much different than what happens on the ground during day-to-day operations. A case study interviewing samples from all the different levels of operations would shed greater light on the relationship between perception and reality, and perhaps lead to enhance accountability measures.

iv) CER committees and managers. To gain a better understanding of the power CER committees possess, further study could be conducted on the frequency of their meeting, requirements of meeting targets, how aggressive the targets are, member appointing methods, passion of members, and their adaptability.

v) Supply chain. Supply chain appears to be an area that requires more attention across the board. Some interesting innovations were identified by my research participants. Some examples include a shift to rail transport of goods whenever possible to reduce fuel consumption and in turn GHG emissions, working at community purchasing in the resource sector, sending of old staff clothes and computers to the developing world instead of the landfill, and sourcing via Bluesign AG (textile industry standards). There are still further opportunities for progress in this field.

> Buyers tend to be appraised on price, buying margin, cost saving, etc. They receive plaudits for introducing hot new ranges and exciting products at low cost. They are not encouraged to take a broader or longer view, to visit supplier factories, or consider long term intangibles, such as trust or company reputation. (Insight Investment Management Limited, 2004, as sited in Hopkins, 2007, p. 150)

Looking into the role, method and incentives of company buyers could prove useful. How do companies define supply chain? How far back to they consider when examining supply chain environmental issues?

vi) Industry enhancements. Noteworthy here are two questions brought up by an interviewee. "How much proprietary information should be shared to help industry wide enhancement without giving up hard fought competitive advantage? How do you best demonstrate your own advantages without publically trashing your competition?" (Interviewee F). They expressed these as some of the largest challenges their company faces. These two questions require further research.

b) Conclusions

It is surprising to see how few leaders in sectors have a clear definition of sustainability and how it relates to their business. This should be a top priority of any company trying to implement a comprehensive CER program. Companies may feel more comfortable working on it and making it public if it is acknowledged that is it an ever-evolving and dynamic understanding. Not only our understanding of, but the very nature of the planet and the relationships we have with the natural environment are always changing.

Public consultation and stakeholder engagement strengthens common understanding and consensus around a working definition. The one company that does have a definition of sustainability as it relates to their business has gone through considerable internal and external stakeholder engagement, and continues to do so. A cautionary note, however, is that in attempting to satisfy all stakeholders a company may in fact be giving up control of its CER agenda.

> Stakeholders views are obviously important, but these groups can never fully understand a corporation's capabilities, competitive positioning, or the tradeoffs it must make. Nor does the vehemence of a stakeholder group necessarily signify the importance of an issue. (Porter & Kramer, 2006, p. 82)

That being said, companies should still view this an exciting exercise. Companies could stand to learn a lot from opening up this dialogue, and should not be afraid to do so. If a company in the resource (non-renewable) extraction sector is willing to do this, there is no reason it should not be taken on by others. Once reached it should be publicly available as well as shared with staff of the entire company. Making it public will open the door for further public debate and learning by all parties.

It is encouraging to see that all participating companies in this research understand what CER issues are most important for their business and where the greatest areas of opportunity occur. There is likely disparity between understanding and action, but the fact that executives and managers know what the major points are to address is a great starting point.

It was surprising to find that the majority of companies interviewed consider sustainability at least to some degree when hiring upper management. This is a trend that will hopefully continue to grow. In all reality it must if companies hope to continue on the path of becoming better corporate citizens. As discussed earlier, support amongst upper management is paramount to the success of CER.

For the most part, training management in CER and sustainability appears to be a formality. It is often taught in conjunction with things such as health, safety and compliance issues, when new employees first join the company. Upper management should be required to take courses above and beyond the initial company wide educational program. There are many programs and certifications available. Two examples include Natural Step and the Cambridge Environmental Leadership Program. One company in the study actually gets every employee to sign off annually on a compliance statement that includes environmental stewardship and respect. These would both be good practices for any company striving towards sustainability.

The success of CER initiatives is also very dependent on the committees that champion them. Currently amongst most leaders, there is not enough power or legitimacy granted to these bodies. They must meet more often and not take a back seat to business as usual, rather they should be a part of it.

These committees must also be comprised of passionate individuals. From the companies interviewed it seems as if the volunteer method does not grant the group legitimacy, while appointing often results in less engaged members. The best option may be to appoint members with a screening process to ensure passionate representation. This has been the method employed by one of the participants in this study, and appears to be the most effective method of creating an engaged group to manage CER and sustainability concerns.

It has been encouraging to discover that leaders in the sectors researched believe their environmentally focused committees are adaptive. These groups act in an advisory role and differ from the traditional business structure. The fact that they work across departments in an advisory role is supported by a study carried out by the Conference Board of Canada (Conference Board of Canada, 2008). Working in an advisory role across all specializations/departments within a company requires they be adaptive by nature to find out how to be most effective. This trend must continue, and hopefully spread throughout the company.

All companies leading the way in CER in my research either have complete (or near complete) measurement systems in place or are working towards it. This path must continue to be followed diligently because problems with measuring the costs and benefits of CER continues to be a major stumbling block for understanding the strategic implications of CER (McWilliams et al., 2006). The study by the CFERF (2009) also notes that financial executives believe internal measurement and monitoring systems are still lacking. As long as companies persevere, there could be many future benefits; targets can be set, transparency increased, traditional ROI may shift, and industry will be influenced.

Without adequate measurement systems in place a company cannot reasonably set reduction targets. This has been illustrated from data gathered through this research. Reduction targets linked to management bonuses are a key factor in reducing a company's footprint.

Gathering of this data will assist companies in being more transparent to the public, investors and stakeholders. Being able to express real reductions or offsetting, as a percentage of current overall usage would be desirable across all industries.

Companies will find that the more they measure the more areas they can realize resources that are being wasted. This could one day lead to some reprioritizing based on ROI. It can be much more difficult to sell energy and waste reduction initiatives not knowing what current usage/waste rates are. A major barrier to CER governance is an unarticulated business case (Conference Board of Canada, 2008.) Across the board industry could be influenced by measurement and monitoring initiatives. Corporate peers will realize their potential waste and consumption habits, and be influenced into following suit. Also, as concerns over supply chain emissions and waste grow, suppliers are being forced to be more sustainable.

These are all compelling reasons to push forward measurement and monitoring systems across all sectors of the Canadian economy, and one of the major starting points for any late adopter.

As noted earlier in this thesis, lack of government direction is a major hindrance to CER initiatives, a surprising outcome. This lack of clear direction actually acts as a disincentive for many to move forward. Many do not want to move forward for fear of going the wrong direction or not being recognized for past efforts once regulations are put in place. For the most part interviewees in this study believe that more government regulation is coming, they are just unsure where and when.

The Government must work with the different sectors of the Canadian economy towards meaningful, clear direction. Clear reduction targets would be helpful, as well as internalizing costs that companies do not presently bear. Sector by sector, the government could work with companies in developing targets that work best for that specific industry, and look at what systems are in place already that do not work efficiently. Though it has unfortunately been noted by the CFERF (2009) study, that corporate sustainability reporting guidelines are unlikely to come from government regulatory bodies.

c) Reflections

To truly live sustainably as a global population is possible. It will require a fundamental shift from our current practices. Most of what we see these days (including the majority of information gathered in these case studies) is incremental change, when we need fundamental changes. "If every company on the planet were to adopt best environmental practices of the 'leading' companies… the world would still be moving towards sure degradation and collapse" (Hawken, 2005, p. xiii). This is a sobering thought.

Regardless of whether or not the arguments for CER are right or wrong, the consequences of inaction are far greater than if we chose to be proactive. Sometimes we feel that modern science has all the answers, but every truth is just the best guess till proven wrong. Adopting the precautionary principle in moving forward is a wise choice for any business.

Ray Anderson refers to the journey as "climbing mount sustainability" (Anderson, 2009). Rome was not built in a day. If we look at other major shifts in humanity such as the agricultural or industrial revolution, these are changes that took generations to take hold. It may feel like the push towards a sustainable society is moving at a snail's pace but we must not forget that these things take time. It could be argued that historically speaking, the push for a sustainable society is moving along at lightening speed.

It is very much a matter of perception, as an old mentor of mine says about life, "its all attitudinal". A pessimist can unequivocally say we are doomed as a planet. So then what's the point of even trying? We must be optimistic about the future of our species and the planet we live on, and up until recently have taken entirely for granted. Seeing business take these initial steps is very encouraging and according to an optimist, signs of a bright future.

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Appendixes

Appendix A – Problems With Hopkins Definition of CSR

1. Who are the stakeholders?
2. Why include the word 'social' in the definition of a corporation's responsibility?
3. What is meant by 'ethical'?
4. Does 'treating stakeholders in a manner deemed acceptable in civilized societies' help to elaborate the word 'ethical?
5. What is meant by a civilized society? Do any exist these days or did they ever?
6. What does responsible actually mean?
7. Is 'ethically' the same as 'responsible'?
8. Does social include economics and the environment?
9. Why should a firm worry about 'outside' stakeholders?
10. Why should CSR care about creating higher standards of living for people outside the corporations?

    (Hopkins, 2007, p. 16)

Appendix B – The Seven Sustainability Blunders

Blunder 1: Patriarchal thinking that leads to a false sense of security

The patriarchal autocratic approach is perhaps the most serious of the seven sustainability blunders because it creates an addiction to the directives of the higher authorities and, consequently, to an abdication of personal responsibility. (Doppelt, 2003, p. 32)

Blunder 2: 'Siloed' approach to environmental and socioeconomic issues

Because of their primary frame of reference is the linear take-make-waste economic model, traditional management-training programs promote a mechanistic approach that views organizations as collections of separate parts that can each be managed independently. (Doppelt, 2003, p. 32)

Blunder 3: No clear vision of sustainability

One of the most consistent traits that appear in high-performance organizations is the broad-based clarity on what they are striving to achieve. Exemplary organizations are exceptionally clear about their purpose. (Doppelt, 2003, p. 33)

Blunder 4: Confusion over cause and effect

A problem cannot be solved if you do not know what it is. Similarly, it is impossible to know if a problem has been solved if you confuse its cause and effect. This is the position many organizations find themselves in today. (Doppelt, 2003, p. 34)

Blunder 5: Lack of information

Organizations cannot transform themselves unless most employees and even key stakeholders are willing to actively support and participate in the effort. Meaningful involvement often requires changing routines, adding extra duties and making other personal sacrifices. People will resist these changes unless they clearly understand the need, purpose, strategies and expected outcomes. (Doppelt, 2003, p. 35)

Blunder 6: Insufficient mechanisms for learning

People ultimately learn by doing and seeing results. When employees are given few opportunities to test new ideas, and when few rewards are provided for those who do so, not much learning will occur. (Doppelt, 2003, p. 35)

Blunder 7: Failure to institutionalize sustainability

The ultimate success of any sustainability initiative is found when sustainability based thinking, perspectives and behaviour are incorporated into the everyday operating procedures and culture of the organization. (Doppelt, 2003, p. 36)

Appendix C – Ethical Arguments for CSR

Social Contract Theory

The central tenet of social contract theory is that society consists of a series of explicit and implicit contracts between individuals, organizations, and institutions… Corporations, as organizations, enter into these contracts with other members of society, and receive resources, goods, and societal approval to operate in exchange for good behaviour. (Wilson, 2008, p. 3)

Social Justice Theory

Social justice theory focuses on fairness and distributive justice – how, and according to what principles, society's goods are distributed amongst the members of society. Proponents of social justice theory argue that a fair society is one in which the needs of all members of society are considered, not just those with power and wealth. (Wilson, 2008, p. 3)

Rights Theory

Rights theory… is concerned with the meaning of rights, including basic human rights and property rights. One argument in rights theory is that property rights should not override human rights. (Wilson, 2008, p. 3)

Deontological Theory

Deontological theory deals with the belief that everyone, including corporate managers, has a moral duty to treat everyone else with respect, including listening and considering their needs. This is sometimes referred to as the "Golden Rule". (Wilson, 2008, p. 3)