

**VALUES AS THE PATH TO SUSTAINABILITY:
A CRITICAL EXAMINATION OF THE RELATIONSHIP
BETWEEN VALUES AND SUSTAINABILITY BEHAVIOUR
IN ORGANISATIONS**

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Statement of Candidate

This thesis contains material that has been submitted for publication, as follows:

Study 1 (in Chapter 2), titled “How ethical shareholders drive sustainability: Combining stakeholder theory and the resource based view”, has been submitted to the *Australian Journal of Sustainable Business and Society*. I am the first author and my supervisor, Louise Metcalf, is the second author of this paper. My contribution to the research and paper was: Concept = 70%; Data collection = 100%; Data analysis = 100%; Writing = 90%; Total = 90%.

Study 2 (in Chapter 3), titled, “How values for sustainability are enacted: A multilevel examination”, has been submitted to the journal, *Organisation & Environment*. I am the first author and my supervisor, I am the first author and my supervisor, Louise Metcalf, is the second author of this paper. My contribution to the research and paper was: Concept = 70%; Data collection = 100%; Data analysis = 100%; Writing = 90%; Total = 90%.

The work presented in this thesis is, to the best of my knowledge and belief, original and my own work, except as acknowledged in the text. The work has not been submitted, either in whole or in part, for any other degree at this or any other university or institution. Macquarie University Human Research Ethics Committee approval was obtained for this research (Reference: 5201400609).

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List of Tables

	Tables	Page
Table 1	List of sample companies and their chosen comparison companies.	37
Table 2	Descriptive statistics of share price fluctuations for ESG and non-ESG companies 2011/2012 financial year	40
Table 3	Comparisons of Earnings Per Share (EPS) and Return on Assets (ROA) in 2011/2012 financial year	41
Table 4	Descriptive statistics of share price fluctuations for ESG and non-ESG companies 2012/2013 financial year	43
Table 5	Comparisons of Earnings Per Share (EPS) and Return on Assets (ROA) in 2012/2013 financial year	44
Table 6	ESG company themes and concepts listed in order of frequency with exemplary quotes	52
Table 7	Non-ESG company themes and concepts listed in order of frequency with exemplary quotes	53
Table 1	Victor and Cullen's (1987, 1988) Hypothesized Ethical Climates.	82
Table 2	Removed items from the AOV	91
Table 3	AOV Pattern Matrix	92
Table 4	AOV Structure Matrix	93
Table 5	Removed items from the ECQ	94
Table 6	ECQ Pattern Matrix	95
Table 7	ECQ Structure Matrix	96
	Descriptive statistics for subscales and outcome variables	94
Table 8	Correlations between AOV and ECQ Subscales and Outcome Variables	98
Table 8	Correlations between each subscale and each outcome variable	95
Table 9.	Participants representing Financial Industry	99
Table 10	Further removed items from the AOV	101
Table 11	Remaining Items AOV	101
Table 12	CFA Model Statistics	102
Table 13	Further removed items from the ECQ	103
Table 14.	Remaining Items ECQ	103

Table 15	Correlations between AOV and ECQ Subscales and Outcome Variables	106
Table 16	AOV Regression	107
Table 17	ECQ regression	108

List of Figures

Figures		Page
Figure 1	Conceptual map of the studies	13
Figure 1	Concept map for ESG group	50
Figure 2	Concept map for non-ESG group	50
Figure 1	CSR Values Filtration Model	86
Figure 2	Final CFA Model for the AOV	102
Figure 3	Final CFA model for the ECQ	104
Figure 1	CSR Values Filtration Model	112

List of Abbreviations

AOV	Applied Organisational Values scale
CFA	Confirmatory Factor Analysis
CS	Corporate Sustainability
CSR	Corporate Social Responsibility
GFC	Global Financial Crisis
ECQ	Ethical Climate Questionnaire
EFA	Exploratory Factor Analysis
ESG	Environment, Social and Governance
RBV	Resource Based View
SMT	Stakeholder Management Theory
TBL	Triple Bottom Line

Abstract

This thesis critically explores the idea that values drive sustainable behaviour in organisations. Concerns about a sustainable future are gaining a sense of urgency as much of the developed world attempts to address the depletion of essential life sustaining resources, environmental degradation, as well as a global series of social and economic crises. Corporations, as major entities of human behaviour, have a substantial role to play in working towards a sustainable human future. However, many have argued that this require a shift in values in organisations from traditional profit orientation to valuing people and planet as well.

This dissertation presents the results of two studies which examine the link between organisational values and sustainability outcomes, in particular the three P's of people, planet and profit. The main research questions were: 1) What, if any, are the differences between sustainable, and less or non-sustainable companies, when profit outcomes and espoused values are compared. 2) How are organisational values filtered internally through the levels of the organisation, i.e individual/ team/ organisation, to achieve the sustainability outcomes of people, planet, profit? In addressing these questions, the following streams of theory were utilised: Stakeholder theory, the resource based view (RBV), sensemaking theory and the multilevel approach to organisational research. These theories assisted in predicting and interpreting the link between sustainability values, the sustainability outcomes of people, planet, profit and how values of this nature might be actioned within the organisation itself. The studies thereby provide a basis for future research that can go on to demonstrate a quantifiable and causal connection between the behaviour of people at work and the sustainability of organisations.

Contents

Statement of Candidate	ii
Acknowledgements	iii
List of Tables	iv
List of Figures	v
Table of Abbreviations	v
Abstract	vi
Chapter 1: General Introduction	1
1.1 Introduction	1
1.2 What is a Sustainable Company	2
1.3 Rationale for the Research	4
1.4 Why start with Values?	6
1.4.1 The Role of Organisational Values	7
1.4.2 The Link between Values and Sustainability	8
1.5 Stakeholder Theory and the Resource Based View of the firm	9
1.6 Understanding Values through Sensemaking	10
1.7 Sustainability values need a Multilevel Approach	12
1.8 Research Questions	12
1.9 Methodology	14
1.9.1 Qualitative Data Analysis using Leximancer	15
1.9.2 Quantitative Data analysis using Mixed Design ANOVA	17
1.9.3 Correlation Analysis and Regression Analysis	17
1.9.4 Scale development using Factor Analysis	18
1.9.5 Samples	20
Chapter 2: How Ethical Shareholders Drive Sustainability: Combining Stakeholder Theory and the Resource Based View	22
2.1 Abstract	23

2.2 What are Organizational Values?	27
2.3 Linking Sustainability Values to Performance	30
2.4 Connecting Espoused Values to Implicit CSR	33
2.5 The Current Study	33
2.6 Method	33
2.6.1 Selection of sustainability Companies	34
2.6.2 Sample	34
2.7 Part 1: Financial Performance Data	38
<i>Share price fluctuation</i>	38
<i>Earnings Per Share and Return On Assets</i>	39
2.7.1 Part 1: Results	39
2.7.2 Validation of Part 1: Financial Performance Data	42
2.8 Part 2: Values Structure and Content Analysis	44
<i>Leximancer</i>	47
<i>Leximancer settings used for this analysis</i>	45
2.8.1 Part 2 Results	46
<i>Leximancer Content Analysis</i>	47
<i>Example quotes for themes in figure 1 and figure 2</i>	51
2.9 Discussion	55
2.8.1 Limitations and Suggestions for Further Research	59
References	62
Chapter 3: How Values for Sustainability are Enacted: A Multilevel Examination	70
3.1 Abstract	71
3.2 What is Sustainability when it is Operationalized as CSR?	74

3.3 Evidence that Values for Sustainability needs a Multilevel Approach	76
3.4 Organizational Espoused Values, Sensemaking and Ethical Climate	77
3.5 The Ethical Climate Questionnaire (ECQ)	81
3.6 A CSR Values Filtration Model	85
3.7 The Current Study: The Australian Finance Sector	87
3.8 Method: Pilot Study	89
3.8.1 Participants	89
3.8.2 Instruments and Procedures	90
3.9 Results: Pilot Study	90
3.9.1 Exploratory Factor Analysis	91
3.9.2 AOV and ECQ Descriptive Statistics and Correlations	98
3.10 Method: Finance Industry	99
3.10.1 Participants	99
3.10.2 Instruments and Procedures	100
3.11 Results: Finance Industry	101
3.11.1 Confirmatory Factor Analysis (CFA)	101
3.11.2 Descriptive Statistics and Correlations	104
3.11.3 Regression Analysis	107
3.12 Discussion	108
3.12.1 From Sensemaking about Espoused Values to CSR Outcomes	112
3.12.2 Limitations	114
3.12.3 Directions for Future Research	114
References	116
Chapter 4: General Discussion and Conclusion	125
4.1 Competitive Advantage of Sustainable Organisations	126

4.2 Values Drive Implicit Sustainability	126
4.3 Sensemaking Happens at the Micro levels of the Organisation	127
4.4 Further Research	128
4.5 Limitations	129
4.6 Conclusion	129
Bibliography	131
Appendix A: Ethics Approval	150
Appendix B: Study Two Participant Invite and Questionnaire	152

Chapter 1: General Introduction

1.1 Introduction

In the 21st century, sustainability has emerged as one of the most recognisable global issues, frequently featuring in political discourse as well as everyday conversations. Current scientific projections based on the rate of climate change, exponential population growth, economic disparity and other social issues appear to predict a bleak future for the world. However, ongoing material production and economic growth is still often seen as essential to improving quality of life, particularly to those in positions of power. Unfortunately, resource constraints (i.e., peak oil, water limitations) and sink constraints (i.e., climate disruption) mean people will eventually have to shift its focus to sustainable quality of life rather than unlimited material growth (Beddoe, Costanza, Farley, Garza, Kent, Kubiszewski, Martinez, McCowen, Murphy, Myers, Ogden, Stapleton, & Woodward, 2009).

The increasing pressure to become sustainable is largely directed at corporations and organisations, with governments (who are organisations themselves) contemplating how to regulate them or helping them avoid the issue altogether. Organisations, and particularly profit seeking organisations, corporations, are perhaps the most important and dominant institutions of modern times, a type that has created both prosperity and suffering at a greater scale than ever imagined (Mayer, 2013; Marcus 2012). These organisations represent most of the major forms of human enterprise and provide employment, housing, entertainment and other fundamental necessities of life. Hence, for sufficient change to be made towards a sustainable future it is therefore paramount that organisations, representing different industries and people groups, are engaged in sustainable practices.

It has long been recognised by proponents of sustainable development that such endeavours require substantial shifts in human values, attitudes and behaviour (National Research Council 1999), topics which are fundamentally of interest to psychologists. This

thesis presents two studies that, from an organisational psychology perspective, explore the human processes within organisations that lead to sustainable behaviours in organisations, and hence sustainable organisational outcomes of people, planet and profit. The thesis begins with a critical exploration of the differences between sustainable, and less or non-sustainable companies, when profit outcomes and espoused values are compared. The findings are then used to create a questionnaire enabling a finer grained, quantitative analysis of how organisational values are filtered internally through the levels of the organisation, i.e individual/ team/ organisation, to achieve people, planet, profit outcomes. The overall purpose of this is to determine how values may drive the human behaviour that then leads to sustainable organisational outcomes.

1.2 What is a Sustainable Company?

Milton Friedman (1970) ignited a long and controversial debate when he famously stated that the only social responsibility of a business is “to use its resources and engage in activities designed to increase its profits so long as it stays within the rules of the game”. Fast forward to post 2008 and, one Global Financial Crisis (GFC) later, it is evident that the rules of the game are not enough to restrain the abuse of corporate power to the detriment of the wider global community. The GFC experience put the issue of business ethics and the need for more sustainable strategies in the spotlight. Unfortunately, there has always been a vague consensus on what ‘being responsible’ may entail with little agreement on ethical and moral standards.

Two of the most prominent terms, among many others, that have emerged to describe ethical, and hence sustainable companies have been Corporate Social Responsibility (CSR) and Corporate Sustainability (CS). CSR suggested a broader responsibility of businesses to encompass the “economic, legal, ethical, and discretionary expectations that society has of organisations at a given point in time” (Carroll, 1979, p. 500). However, the definition of

CSR has often remained at a high level and has been described in terms of going beyond profit maximisation (Elbing 1970; Hay & Gray 1974), to be responsive to the needs of society and the public (Mears and Smith 1977; Gavin and Maynard 1975), or simply to act with moral concern (Purcell 1974). While these were in direct opposition to the economic framework of mere profit maximisation, CSR remains ill-defined and is difficult to measure or quantify.

CS on the other hand became popularised when the United Nations defined sustainable development as meeting “the needs of the present without compromising the ability of future generations to meet their own needs” (World Commission on Economic Development [WCED], 1987). Although CS is often discussed in terms of ecological sustainability (eg. Starik & Rands, 1995; Shrivastava 1995), it is also applied in a broader sense to encompass environmental, economic, and social dimensions (Bansal 2005) commonly known as the triple bottom line (TBL) (Elkington 1994) or the “Three pillars of Sustainability” (2005 World Summit); in other words: people, planet, profit. The TBL is also seen as a fundamental concern of CSR which has prompted suggestions that CSR and CS are two sides of the same coin or perhaps that CS represents the ultimate goal, with CSR being the intermediate stage where organisations attempt to balance the TBL (Marrewijk, 2003), regardless, it is clear that both CSR and CS is strongly related to the TBL.

In a practical sense, organisations use CSR and CS interchangeably and often mix them with other similar terms as seen in the submissions made through the Global Reporting Initiative (Marrewijk, 2003; Montiel 2008). Researchers also continue to use them interchangeably, obtaining a continuity through the use of the TBL to measure both CSR and CS. This thesis will follow suit, however as CSR can be thought of as couched within CS, there will be an emphasis on CS. Hence, in this thesis both terms are used interchangeably as both represent the same shift away from the economic model of profit maximisation to

incorporating social and environmental interests, and hence to a focus on people, planet and profit, the TBL. In addition, the TBL is also adopted in this thesis as the outcome measure of sustainable organisations.

1.3 Rationale for the research

The exponential growth in scholarly publications about CSR and CS over the last few decades (Glavas, 2016) reflects rapidly growing interest in sustainable organisations. The research has substantially broadened to include how CSR and CS behaviour can best be measured (i.e. Gjølberg, 2009; Turker, 2009; Überseder, Schlegelmilch, Murphy & Gruber, 2014) and the emerging approaches that are being adopted from organisations around the world (e.g. Birth, Illia, Lurati & Zamparini, 2008; Yoon, Gürhan-Canli, & Schwarz, 2006). Amongst this, a critical observation was made by Matten and Moon (2008) that implicit CSR, driven by internal norms, values and rules, was more effective than explicit CSR, where CSR is a strategic tool needed to satisfy the external expectations of society. However, most sustainability interventions applied to organisations remain explicit as they develop strategies and systems as opposed to influencing foundational elements of values and organisational culture (Gentile, 2010). This thesis addresses this gap by exploring the notion of implicit and explicit values and how they may interact.

Chapter 2 is the first study of this thesis and sets out the differences between sustainable, and less or non-sustainable companies, when profit outcomes and espoused values are compared. In this study, a group of highly rated sustainable companies, listed on the ASX from a wide range of industries, and a matched non or less sustainable company pair, are firstly compared on multiple financial performance indicators, then on espoused value statements. The analysis of which results in a clear indication that financial outcomes may be strongly connected to the behaviour of one key stakeholder group, ethical investors. In addition, espoused values statement are found to have clear differences, not in topic but in

the way they are expressed, which are predicted to influence the same stakeholder group, along with many others.

The notion of how CS may link to financial outcomes has been generally problematic for sustainability research as previous studies on the business case for CS have often produced conflicting results (Dyllick & Hockerts, 2002; Perrini, Russo, Tencati, & Vurro, 2011; Weber, 2008). The first study in this thesis uses stakeholder theory and the resource based view of the firm (RBV) to understand the phenomenon of how sustainable organisations may demonstrate particular financial outcomes. This study is a novel approach to exploring particularly the profit part of how people, planet, profit values may create very different organisations.

Chapter 3 is the second study of this thesis, this study follows on from study one as a deeper investigation into organisational values and how people make sense of using values within an organisation. The results of study two demonstrate that a multilevel approach is necessary to understand the sensemaking process that precede the practical implementation of sustainability values. A key aspect of study two was the development of a scale that works to reveal the organisational levels where people in organisations sensemake about sustainable organisational objectives. The study then proceeds to test these levels, alongside an ethical culture measure for validation purposes. The results demonstrate that people sensemake about sustainability values at different levels of the organisation. Hence sustainability outcomes are likely to be achieved by targeting sensemaking at specific levels of an organisation as well as by developing a particular set of organisational values.

These studies contribute to the study of sustainability in a number of ways. Firstly, the financial performance results suggest that ethical investments may be a unique situation in which stakeholder theory and RBV theory, which traditionally disagree, appear to align. Secondly, the qualitative analysis of organisational values suggests that the ways in which

they are constructed and communicated may impact their effectiveness in producing a sustainable organisation. Thirdly, the thesis applies sensemaking theory to a multilevel approach to propose a values filtration model illustrating the internal process from values to sustainability outcomes which may be empirically tested in the future. Finally, the thesis presents new research opportunities for intervention studies that could target specific levels of organisations to advance sustainability outcomes for organisations.

1.4 Why start with Values?

The case for sustainability is often made based on the straight forward calculation of rates at which natural resources are depleted, and hence no longer useable by future generations. However, despite the growing evidence supporting the need to be sustainable, organisations vastly differ in the extent they engage in CS behaviour. This cannot be attributed to merely poor strategies or organisational systems, given the abundance of information or resources that are now available to organisations that are willing to improve CS outcomes. Past research suggests that organisational codes of ethics are not very effective in influencing behaviour (Cleek & Leonard, 1998; Schwartz, 2001). Therefore, the issue must rather be examined at a more fundamental level that begins with the underlying motivation and mechanisms that drive human behaviour in organisations.

Values have long been recognised as one of the key determinants of human behaviour (Locke, 1991; Rokeach, 1973). However certain values only motivate specific types of behaviour and research suggests the relationship between values and behaviours are partly obscured by norms (Bardi & Schwartz, 2003). Therefore, while an individual's values primarily drive behaviour, the environment in which they operate can have substantial influence in how their behaviour manifests.

Values are examined in this thesis because organisational behaviour is essentially collective human behaviour determined by psychological and emotional constructs. As

Padaki (2000) suggests, human values are the best way of understanding the internalised norms of organisational behaviour, whether we refer to it as culture, climate, or character. Therefore a shift towards sustainable behaviour would be organically achieved when preceded by values aligned with sustainability objectives as opposed to a code of ethics which simply outlines the desired and undesired parameters of behaviour.

1.4.1 The Role of Organisational Values

Although organisational values have been studied for decades, this literature blossomed with the introduction of the term organisational culture (Pettigrew, 1979). Rokeach (1973) is well known to have described values as enduring beliefs that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence (Rokeach 1968; 1973). This frames values as a uniquely individual attribute which may or may not align with the social norm. Organisational values then are a collection of individual belief systems that allows the organisation to display a recognizable identity based on a common ground (Padaki, 2000).

The demand for sustainable organisations has gained momentum with growing public interest in the idea of welfare-oriented corporations. Consequently, most organisations now have value statements and corporate goals that present themselves as good ‘corporate citizens’ and align with social expectations (Schmitz & Schrader, 2015). These values can broadly be classified into two types: terminal values and instrumental values (Padaki, 2000). Organisational terminal values pursue desirable end states and include such things as improving quality of life, good corporate citizenship, or achieving social justice. Organisational instrumental values relate to process and may involve a commitment to being innovative, ensuring transparency, or offering good customer service. Both types of organisational values contain elements of social and economic responsibility which align with the basic goals of corporate sustainability.

A more important distinction that can be made is between the espoused organisational values that the organisation explicitly states and the actual representation of enacted organisational values (Schon, 1978). While value statements have become a common asset to the majority of organisations, there is some cynicism and caution regarding whether stated values are necessarily enacted or not (Giblin & Amuso, 1997). However, studies of successful organisations suggest that well designed value statements are correlated with higher profitability (Osborne, 1991). Therefore, most researchers treat espoused values as a reflection of the organisation's practices, or at least a reflection of what it aspires to be (Kabanoff, 2002). This thesis also uses espoused values as the qualitative data that represents the way an organisation frames itself.

1.4.2 The Link between Values and Sustainability

There are emerging links between organisational values and CS practices. A large scale GLOBE study, involving a survey of 561 organisations in 15 countries, found that the sorts of values organisations relate to are inherently culturally dependent (Waldman, et al. 2006). In fact, a recent trend in CS literature, for example, is to examine the institutional drivers for CSR (eg. Campbell 2006; Waddock 2008) with CSR increasingly viewed as a product of emergent institutional forces, such as cultural values. These theories have not yet uncovered how exactly an organisation's values may manifest in the form of CSR and the specific characteristics of CS or CSR values.

In a more direct approach, Leiserowitz, Kates, and Parris (2006) reviewed documentary statements of sustainability values presented by global summits or international organisations such as the UN. The authors note that values in these documents are rarely explicitly declared but are rather presented as principles, goals or indicators that work towards the common goal of sustainability. Therefore, while most organisations espouse

value statements that may aim to achieve sustainable outcomes, there is a gap in understanding what happens after such value statements are espoused.

1.5 Stakeholder Theory and the Resource Based View of the firm

From a functional perspective, global competition, demanding customers, and media pressures are prompting organisations to consider their wider social obligations and to respond with CS related responses in one way or another (Raubenheimer & Rasmussen, 2013). Stakeholder theory is useful in understanding the moral and ethical dimensions that organisations are being forced to consider. In contrast to the traditional shareholder view: that owners and shareholders of a company are of supreme importance, Freeman (1984) presented stakeholder theory to identify wider groups of stakeholders that organisations must give due regard such as employees, customers, suppliers, financiers and the wider community at large. Values shape how each of these groups think organisations should behave, and comprehending these beliefs is thought to be a key factor in successful management and marketing. Therefore, organisational values are not directed at shareholders alone but also for such things as internal employee branding purposes to recruit, retain and engage a new generation of employees who aspire to impact society positively throughout their careers (Mirvis, 2012).

The normative approach to stakeholder theory indicates that organisations can be influenced by stakeholders to reflect their values, assuming that stakeholder and organisational values don't already coalesce. However, those situations where these values already coalesce could potentially provide a link between stakeholder theory and a second, often oppositional theory, the resource based view of the firm (RBV). RBV postulates that organisational outcomes are best reached by strategically linking the resources of the organisation for competitive advantage (Wernerfelt, 1984). The focus here is on the environment in which the organisation operates, with a view that the organisation is primarily

tied to its assets and resources. This includes the resources that are tradable and non-specific to the firm as well as the capabilities which represent how firms engage with its resources such as the implicit processes that are firm specific (Amit & Schoemaker, 1993; Makadok, 2001). In this case, having sustainable values that coalesce with the values of ethical investors may be viewed as a source of competitive advantage in the free market.

Stakeholder theory and RBV are seen as competing theories that are used to debate whether it is stakeholder behaviour or reputation that accounts for any positive relationship between CSR and financial performance (Adamska, Dabrowski, & Grygiel-Tomaszewska, 2016). However, this thesis suggests that the two may be complementary when it comes to ethical investments that alternate to stabilise financial performance through any form of turbulence as seen by share performance. This follows the integrative framework which accepts the existence of tensions in corporate sustainability that requires firms to pursue different sustainability aspects simultaneously even if they seem to contradict each other (Hahn, Pinkse, Preuss & Figge 2014).

In essence, the analysis of study one indicates that ethical investor stakeholders influence organisations to maintain values driven practices, as they are then rewarded for their sustainable reputation in difficult times.

1.6 Understanding Values through Sensemaking

The goals of sustainability are somewhat counterintuitive to the current socio-ecological climate where maximising the production of material wealth is commonly seen as being synonymous with improving quality of life. Beddoe et al. (2009) argue that sustainable quality of life must be the goal and they conclude that this is a highly complex issue:

...the task is huge and will take a concerted and sustained effort if we hope to make the transition a relatively smooth one. It will require a whole systems approach at multiple scales in space and time. It will require integrated, systems-level redesign of

our entire socio-ecological regime, focused explicitly and directly on the goal of sustainable quality of life rather than the proxy of unlimited material growth. It must acknowledge physical limits, the nature of complex systems, a realistic view of human behavior and well-being, the critical role of natural and social capital, and the irreducible uncertainty surrounding these issues. (p. 2488)

Given the ambiguous and complex nature of sustainable values, Angus-Leppan, Metcalf and Benn (2010) argue that organisations adopt a sensemaking approach. Sensemaking is “the process through which individuals work to understand novel, unexpected, or confusing events” (Maitlis & Christianson, 2014, p.58) and was introduced to organisational studies by Weick (1979; 1988) to provide insight into how organisations address uncertain or ambiguous situations. Sensemaking suggests that people’s way of thinking is at the core of organisational issues and approaches complex issues in terms of how people see things rather than structures or systems.

Sensemaking may either precede (Taylor and Van Every, 2000) or follow decision making (Maitlis, 2005) and is particularly useful when evaluating all decisions made in organisations, but ethical decisions in particular. Cognitive frames have demonstrated how the three stages of sensemaking process: scanning, interpreting, and responding, affect the decision making process for ambiguous issues such as sustainability (Hahn, Preuss, Pinkse & Figge, 1994). There is considerable ambiguity in any espoused organisational values which then means that there is ambiguity in how to implement them. Sensemaking can help account for the internal perceptions of CS practice and even understand the causes of this ambiguity (Basu and Palazzo, 2008; Angus-Leppan et al., 2010). However, further research is needed on how sensemaking takes place to generate organisational values and whether they are made at the individual or group levels of an organisation. Therefore, a logical approach is to

differentiate the levels of an organisation and then examine how sensemaking takes place at each level, rather than as an organisation as a whole.

1.7 Sustainability values need a Multilevel Approach

In the past, CS literature has characteristically focused on the macro level rather than the micro level or a multilevel approach incorporating both (Mudrack, 2007; Aguinis & Glavis, 2012). A comprehensive review by Aguinis and Glavis (2012) found that the literature was dominantly focused on the institutional (33%) or organisational level (57%) without there being many studies looking at the individual level (4%) or multiple levels at once (5%). This macro focus typically describes CS phenomena using data aggregates, or organisation level data, to then theorise about lower level phenomena, without being able to generalise to those lower levels. Admittedly, the specific internal processes at different levels of an organisation are difficult to empirically observe and quantify. However, research often conflates individual values to an organisation's institutionalised values and supposes that some congruence is required between the two to instigate organisational action (Sullivan, Sullivan & Buffton, 2001; Bansal 2003).

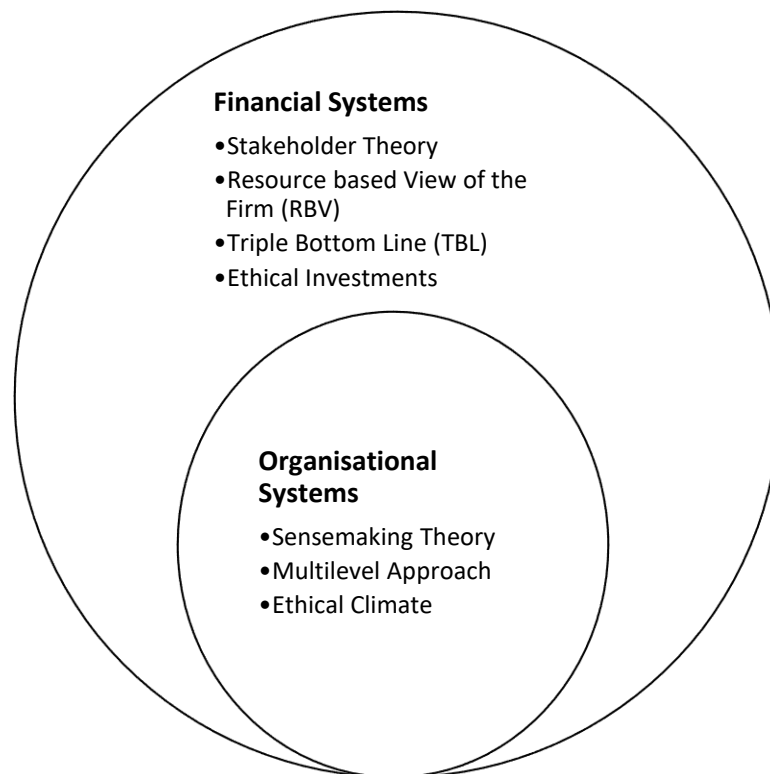
Traditionally, organisations were viewed as multilevel systems divided into organisation, group, and individual levels where each possessed their own theoretical domains and approaches. However, the multilevel approach represents a shift in organisational science towards an “integrated conceptual and methodological paradigm...that attempts to bridge the micro-macro gap in theory and research” (Kozlowski & Klein, 2000, p.3). Starik and Rands (1995) state that a multilevel approach is necessary for both theoretical and practical reasons as it increases the generalisability of results and requires active participation by all people groups in society operating within different systems and levels. This recognises that micro and macro phenomena are intertwined and one may be better

understood through the other, either the group through the individual which is dominant in organisational research, or the individual through the group, which is much rarer.

1.8 Research Questions

The primary purpose of this research is to identify how organisational values can effectively instigate sustainable behaviours in organisations to achieve CS outcomes. The first study focuses on the financial systems and the theories related to the market in which organisations operate, while the second focuses on the organisational systems and theories that help us understand internal processes. These theories are listed in Figure 1.

Figure 1. Conceptual map of the studies



Specifically, there were two main questions driving the research, each with several sub-questions.

1) What, if any, are the differences between sustainable, and less or non-sustainable companies, when profit outcomes and espoused values are compared?

- 1a) Are there differences in the financial performance of sustainable companies when compared to a same- industry competitor that is less sustainable?*
- 1b) Do sustainable companies espouse organisational values that are more representative of sustainable concepts and attitudes when compared to a same- industry competitor?*
- 1c) Do sustainable companies express their organisational values in a way that is different to their same-industry competitor?*
- 2) How are organisational values filtered internally through the levels of the organisation, i.e individual/ team/ organisation, to achieve the sustainability outcomes of people, planet, profit?*
- 2a) What distinct levels exist within an organisation to help people sensemake organisational values?*
- 2b) Which levels of the organisation are most effective in sensemaking each of the dimensions of the TBL?*
- 2c) What types of ethical organisational cultures are most effective in sensemaking each of the dimensions of the TBL?*

1.9 Methodology

This thesis takes an initially exploratory approach to develop grounded theory about the construction of organisational values and then uses an empirical approach to create and validate how people sensemake about these values within the organisation. Grounded theory involves the systematic construction of theory from data as opposed to the purely deductive approach within positivism (Glaser & Strauss, 1967). It recognises the value of qualitative research methods, and mixed methods, and was first introduced by Glaser and Strauss (1967) to fill the gap between theories and empirical studies, which largely focus on hypothesis testing using observable data. This is appropriate for developing substantive theory in this

thesis as the initial subjects are entire organisations whose data are better considered transferable rather than generalizable (Strauss & Corbin, 1994). In addition, the topic under examination is naturally related to text, making qualitative analysis indispensable. In addition, study one used quantitative techniques to explore financial data, and study two used quantitative techniques to test a model of variables.

Hence, the thesis utilised a mixture of qualitative and quantitative techniques, which informed the direction of each study. In summary, the thesis used qualitative analysis and a mixed design ANOVA for study one, and correlation, regression, as well as exploratory and confirmatory factor analysis for study two.

1.9.1 Qualitative Data Analysis using Leximancer

In study one, qualitative data analysis is used to understand both the structure and content of the espoused organisational values of a set of sustainable companies, when compared to a same-industry competitor. Qualitative research is “an interpretive naturalistic approach to the world. This means that qualitative researchers study things in their natural settings, attempting to make sense of or interpret phenomena in terms of the meanings people bring to them” (Denzin and Lincoln 2005, p. 3). This was particularly appropriate for the study since it was concerned with extracting the characteristics of the expression of values as presented by organisations in the context of differentiating CS and non-CS companies. Specifically, content analysis was the technique used to understand the qualitative data.

Content analysis is “a research technique for making replicable and valid inferences from texts (or other meaningful matter) to the contexts of their use” (Krippendorff, 2004, p.18). It involves using explicit rules of coding to compress large amounts of text into fewer content categories. Content analysis is particularly useful for systematically analysing the many words contained in a text to find trends and patterns in documents (Stemler 2001). An example of its application is Stemler and Bebell’s (1999) study which used content analysis

to analyse school mission statements to infer the stated purpose of educational institutions. Likewise, study one used content analysis as a data reduction procedure to elicit the key themes and concepts as well as draw out the relationship between each concept.

There are two major categories of content analysis: conceptual analysis and relational analysis. Conceptual analysis, measures the presence and frequency of concepts as represented by words or phrases. Relational analysis measures how the identified concepts are then related to each other within the analysed text (Weber, 1990). In this thesis both conceptual analysis and relational analysis was used to understand the data in study one.

The reliability of content analysis is often discussed in terms of stability (intra-rater reliability) and reproducibility (inter-rater reliability) (Krippendorff, 2004). This has been a great criticism of content analysis and the shortcomings of human coding that usually arises from the ambiguity of word meanings, category definitions, or other coding rules (Weber, 1990). Computer-aided textual analysis alleviates many of these concerns through the mechanical application of coding rules and by automating tasks and functions such as data storage, dictionaries and word counts (Durlau, Reger, & Pfarrer, 2007). Therefore, computer-aided textual analysis is used in study one.

Leximancer is the text analytics software tool that was used to extract concepts from the text data stating the espoused values of organisations, in study one. Leximancer uses ‘machine learning’ and a built-in thesaurus to gather concepts, and code them using the thesaurus as a classifier without the need for the researcher to formulate a coding scheme (Leximancer 2009). The information is then displayed in the form of an interactive conceptual map that presents the main concepts in the text contained as well as information about how they are linked to one another. The automated process improves the reliability of the method while creating a semantic network that displays parent concepts at the higher level (Smith & Humphreys 2006).

1.9.2 Quantitative Data analysis using Mixed Design ANOVA

Study one also examines the financial performance of a group of CS companies and a comparison group made up of their like-for-like competitors, that is, matched competitors from the same industry. Some well-known financial performance metrics, namely earnings per share (EPS) and return on assets (ROA), are compared between the groups of organisations to determine profitability and share performance.

However, a more novel quantitative approach of comparing the level of share price fluctuations between the two groups was also adopted. This methodology was previously used by Metcalf and Benn (2009) with the theory that ethical investors may stabilise any fluctuations within CS company share prices, that would otherwise have been experienced by other companies within the same industry. The daily lows and highs of each company's share price over the period of a year are then gathered using publicly available, historical data. Companies are pared within their particular industry group to remove potential industry biases of fluctuating international purchasing and other market influences.

A Mixed Design ANOVA (Analysis of Variance) was then used to analyse the fluctuations as it allowed comparisons to be made within each pair of companies as well as between each of the pairs of companies themselves. ANOVA also allows the statistical testing of multiple conditions, much like multiple T-tests, but without the multiplied risk of Type 1 error (Field, 2009).

1.9.3 Correlation Analysis and Regression Analysis

Correlation analysis and regression analysis were the statistical methods used to determine relationships between variables in study two, and determine whether sustainability outcomes could be predicted by the levels of an organisation. Correlation refers to the relationship between two variables in terms of any kind of dependence or broad association. The Pearson correlation coefficient is commonly used to determine the linear relationship

between two variables, whether it be positive, negative or not existent (Field 2009). While they are not necessarily indicative of causal relationships, correlation analysis allows preliminary investigations of possible predictive relationships that warrant further analysis and as such was used in this thesis.

In the current study correlation analysis is useful in examining the covariance between the factors identified through the Exploratory Factor Analysis (EFA) process also used in study two (and discussed below), as well as with the outcomes measures that are used. It also provides evidence of any association between the two different scales in study two to offer validation for the developed scale.

Regression analysis takes a step beyond correlation analysis and is used to determine how well outcome or criterion variables are predicted by other independent variables. In study two both simple regression, which is a linear model testing one predictor variable against one outcome variable, and multiple regression, where there are multiple predictor variables to the one outcome variable (Field 2009), are used. That is, once the organisational levels and ethical climates were established using EFA through the developed scales, they were then tested as predictor variables against sustainability, TBL, outcomes, using regression.

1.9.4 Scale development using Factor Analysis

Factor analysis is also a reduction technique that aims to reduce the number of variables to fewer underlying, or latent, constructs called factors (Hair, Anderson & Tatham, 1987). It is a statistical technique that is used to identify a set of observed variables or factors that have similar response patterns because of a common association they have with a latent variable (Field 2009). The initial development of factor analysis is accredited to Spearman's (1904) research on measuring human intelligence and has since been essential in the development of psychometric testing and any instances where observed variables are

potentially seen as an indication of latent variables. Factor analysis produces factor loadings, which are the estimate of the correlation of items to the latent variable, or factor and represent essentially how the inter-relationships (correlations) between items can be explained by the degree to which each item relates to a common factor.

Factor analysis is most commonly applied in the design of questionnaires, as is done in this thesis in study two, where the objective is to narrow the variables or items to the most relevant dimensions or scales (Watson, & Thompson, 2006). There are two types of factor analysis: exploratory factor analysis (EFA) and Confirmatory Factor Analysis (CFA). EFA is used when the number or structure of the underlying factors is unknown (Thompson, 2004). In essence, no a-priori assumptions about the relationships among factors exist and so EFA is useful when developing a new scale so that the specific nature of factors or subscales can be determined.

CFA uses structural equation modelling and is used when the structure or the number of dimensions is specifically known. It is used to verify or test hypothesised models against actual data, and would demonstrate loadings of observed variables on the latent variables (factors), as well as the correlation between the latent variables. The analyses requires specific expectations regarding the number of factors, and as to which variables will reflect given factors, and whether the factors are correlated (Thompson, 2004).

A criticism of factor analysis exists largely around subjective elements, such as the heavy dependence on the researcher's ability to collect a sufficiently representative set of product attributes to ensure major ones are not neglected or excluded. It also relies on the researcher's knowledge of theory to give factors appropriate names that are meaningful since the interpretation of the factor is inevitably subjective in nature (Creasy, 1959). Therefore, it is essential that prior theoretical knowledge feed into the any questionnaire development, and as Gorsuch (2003) points out, "no factor analysis is completely exploratory" (p.143).

In the second study of this thesis, both EFA and CFA are used to develop a questionnaire, using a second questionnaire as a measure of validation for the questionnaire developed to test the grounded theory developed in study one. The first questionnaire is a newly developed questionnaire that intends to identify the levels within an organisation that process organisational values to conduct the multi-level analysis. The second questionnaire is an existing questionnaire of organisational ethical climate that was used to validate the first questionnaire. EFA is applied to both questionnaires in an initial pilot study to identify emergent factors, including the levels of the organisation, and the type of ethical climate that exists within the organisation. CFA is then applied, using a different participant pool to test and validate the results of the EFA and produce a refined questionnaire for future empirical research.

1.9.5 Samples

A number of samples were accessed throughout the course of both studies. Firstly, the group of CS organisations were selected based on the ESG (environmental, social and governance) index, which is published based on the “Corporate Monitor” (corporatemonitor.com.au) for ethical investors in Australia. Although the ESG is known as a CSR measure, it is also regarded as a TBL measure as it covers environmental (planet), social (people), and therefore appropriate to this research. Based on ratings, ASX listed companies that ranked the highest on the ESG, from each major industry sector identified by the Global Industry Classification Standards (GICS), were selected as a representative sample of CS companies. Each of these companies were then match with a like-for-like industry pair based on similar size and business scope to represent the comparison group. The use of a relatively small market like the ASX allowed organisations to have greater representation of their industry and ensured that subtle differences would not be buried in the sheer size of larger markets like the US.

Secondly, a pool of currently employed psychology students were used as a pilot for the measurement scales to conduct the initial EFA. This provided access to participants who worked across a wide range of organisations on which to base their responses.

Finally, following the pilot, the finance sector was selected as the subject for the study two research, for a number of reasons. Firstly, the motivations for CS in the finance sector are not necessarily as obvious as for many other sectors that directly pollute the environment through direct emissions such as in the materials, chemicals and energy industries (Weber, Diaz, & Schwegler, 2014). Rather, CS in finance can be driven by a range of values driven motives that can be strategic, altruistic or even greenwashing, where organisations invest more in marketing themselves as being ‘green’ rather than to actually implement ‘green’ activities. (Wu & Chen, 2013). Secondly, the financial sector been slow to respond to ecological sustainability (Coulson & Dixon, 1995). However, the sheer size of the financial sector is more than sufficient to make a significant environmental impact (Jeuken & Bouma, 1999). Its economic and social influence has increased stakeholder pressure to steer the sector into a more sustainable direction (Weber, Diaz, & Schwegler 2014) and the large size of the sector is expected to give representation to organisations both high and low on CS measures without there being any ceiling/floor effects. Furthermore, the importance of CS in the finance sector gained more attention in the aftermath of the global financial crisis (GFC) (2007-2009) where the industry was broadly held to be somewhat responsible for the crisis, albeit in the context of wider regulatory failures (Herzig & Moon, 2011). Financial organisations are showing improvements in their internal processes related to environmental and social management (Herzig & Moon, 2011) and this provides an opportunity to observe what elements may internally generate CS behaviour in an organisational group that has been traditionally very poor ground for CS.

Chapter 2: How Ethical Shareholders Drive Sustainability: Combining Stakeholder Theory and the Resource Based View

The purpose of this chapter is to determine what, if any, differences exist between sustainable, and less or non-sustainable companies when profit outcomes and espoused values are compared. It aims to demonstrate that ethical shareholders provide evidence of a complementary relationship between stakeholder management theory and the resource based view of the firm (RBV). Furthermore, the study uses an exploratory approach to qualitatively analyse the espoused value statements of organisations recognised for their sustainable behaviour explore whether substantial differences exist and theorise as to what these differences may mean. The results of the study suggest that sustainable organisations have a competitive advantage that comes from ethical investors and that this has an influence on sustainable, TBL performance.

What follows is a paper submitted to, but not yet accepted to the *Australian Journal of Sustainable Business and Society*. I am the first author and my supervisor, Louise Metcalf, is the second author of this paper. My contribution to the research and paper was: Concept = 70%; Data collection = 100%; Data analysis = 100%; Writing = 90%; Total = 90%.

For the purposes of publication, the term CSR was substituted for CS but continues to manifest as the TBL measure of people, planet, profit.

Study One Paper Title: How Ethical Shareholders Drive Sustainability: Combining Stakeholder Theory and the Resource Based View

2.1 Abstract

Many have advocated for the inclusion of stakeholders as a mechanism for creating sustainable organisations, however how stakeholders may contribute to organisational performance is not defined. This paper combines stakeholder management theory with the resource based view of the firm (RBV) to examine the impact of ethical investment on organisational performance in a share market where ethical investors control approximately 30% of the assets, Australia. The small group of companies that have the highest sustainability ratings in Australia are compared against matched competitors within their industry using a mixed design ANOVA, demonstrating that highly rated sustainable companies had significantly lower share price fluctuations during the Global Financial Crisis, this finding is then replicated in the following year. In addition, thematic analysis revealed that the highly rated sustainable companies had publicly espoused value statements that were substantially more conceptually connected, indicating that staff were more aligned in their understanding of what the company stands for. It is theorized that the stakeholder group of ethical investors stabilise organisational share prices in difficult financial times and thus provide a competitive advantage of reduced financial risk, making it easier for the sustainable organisation to obtain loans.

Keywords: Corporate Social Responsibility (CSR), Sustainability, Stakeholder Theory, Resource Based View (RBV), Organisational Values

Most advocates of sustainable development, including the UN, recognize that making any meaningful transitions towards sustainability goals requires substantial shifts in values, attitudes, and behaviours (Leiserowitz, Kates, & Parris, 2006), as values are one of the most basic drivers of human behaviour (Locke, 1991). Though, none have offered exactly which list of values might drive or create sustainability, how values might drive behaviour has been covered in the normative approach of stakeholder management theory, originally postulated by Freeman (1984).

The definition of ‘stakeholders’ in this theory refers to all individuals or groups who can affect or be affected by an organisation’s activities, and whose support the organisation needs to continue existence (Freeman, 1984). Initially this referred to direct customers, suppliers and other direct connections to the organisation and stakeholder engagement meant mitigating any possible conflict with them through appropriate management. Increasing technological advancement and globalization has altered this to now include partnerships and even collaborations amongst legally independent entities (Waddock, 2002), where stakeholder engagement has taken on a real strategic value where mutual benefit is developed (Jonker & Foster, 2002, Greenwood, 2007). Stakeholder theory can be both instrumental, where mechanisms are developed, and normative, where it is thought that stakeholders contribute a sense of what is valued by their stakeholder group. This reflects the many examples where organisations have been encouraged to alter their practices on the bases of protests, perhaps the most famous of which is the late 1990’s Nike labour practices case.

The normative approach of stakeholder theory indicates that stakeholder values can influence the organisation, as managers are asked to ‘manage’ the stakeholders which inevitably would involve changing processes to address stakeholder values. However, within this is an assumption that managing is required, that is, there is no indication that stakeholder and organisational values can coalesce. The idea that values could coalesce has the potential

to draw connections to the Resource Based View of the Firm theory (RBV), a theory of organisational strategy that was always thought to be in opposition to stakeholder management theory.

RBV researchers have long viewed organisational success in terms of the way the organisation works within its environment, with the critical requirement that the relevant resources, whatever their type (i.e. resources, capabilities or dynamic capabilities), must be specific to the firm and not capable of easy imitation by rivals (Barney 1991) to generate competitive advantage. In a review article, Lockett, Thompson and Morgenstern (2009) summarise the empirical evidence existing for RBV and conclude that there are certainly methodological problems, however the concept of organisational success through interaction with its competitive environment is not one. In addition, Gray and Wood (1991) determined that because the RBV theory is about function it has no limiting assumptions, and so can be combined with others.

This paper will demonstrate that combining stakeholder management theory with the RBV is essential to understand the place and potential of ethical investors in generating sustainability values in organisations. This integrated perspective stems from Freeman and Reed's (1983) initial thesis that shareholder values and stakeholder values are fundamentally intertwined. Ethical investors make up approximately 30% of the funds invested in the Australian Stock Exchange (ASX), making this stakeholder group particularly influential for Australian companies. In addition, Kendal (2016) reports that more than 90% of companies in the ASX now report on ethical investor criteria, known as Environment, Social, Governance (ESG) criteria. Ethical investors are now highly informed through database resources such as the 'Corporate Monitor' which provides individual organisations' non-financial information that enables ESG analysis to become an accepted part of financial planning services and asset consulting. Such resources proactively update ethical investors on

the values and shifting ESG ratings of an organisation to allow them to incorporate their personal values and ethics into their investment decisions.

Ethical investors have been scarcely researched, however Webley, Lewis and Mackenzie (2001) used an experimental design to determine that ethical investors tend to keep their shares, even when financial or ethical performance falls. Nilsson (2008) used regression analysis to determine that most ethical investors are women, have a higher education, and pro-social attitudes, and young (Schueth 2003). Finally, Wins and Zwergel (2016) confirmed both results and added that those who never intend to invest ethically are fundamentally different, whereas those who are ethical investors and those who intend to be have substantial similarities. The nature of the “pro-social” attitudes explored in these studies included respecting workplace rights, environmental issues, human rights, preventing harm and behaving ethically.

Given this finding, it is possible to theorise how ethical investors may both connect stakeholder management theory and the RBV, and how this might then impact organisations. We can expect that in a share market where ethical investors have some influence, commonly used ethical investment measures might be a strong indicator of corporate performance, and this correlation might be entirely dependent on connecting the organisation to the pro-social attitudes of ethical investors. In addition, we can also predict that the likely outcome of that correlation will be shares that are less bought and sold on the market, in other words there should be evidence that the shares are more “held”. This article will explore this association, by first hypothesizing this relationship to share price for highly ethical companies in the ASX and then exploring the nature of the organisational values that the ethical share holder “pro-social” attitudes may be coalescing with. In this way, we will demonstrate that stakeholder theory and the RBV are complementary theories, at least in relation to this particular stakeholder group.

2.2 What are Organisational Values?

In recent years it has become commonplace to see most large corporations openly put forward well-articulated value statements which are intended to represent their organisational culture and fundamental goals (Giblin & Amuso, 1997). In a sense these are the “pro-social” or otherwise attitudes of the organisation, a statement of identity that highly educated ethical investors would certainly be consuming alongside ethical investment criteria.

Publicly espoused corporate value statements have become popularised since Peters and Waterman’s (1982) large scale organisational performance study showing values have a positive impact on financial performance. These authors theorized that values were required as a kind of anchor to what works best in that organisation. Although there is now some dispute of their results, developing the business case for how the values of sustainability companies relate to business performance, or what those values should be, has been a key area of sustainability research since (eg. Kim, Kim, Qian, 2015); Baird, Celikkol & Roberts 2012; Perrini et al. 2011; Schreck, 2011; Weber, 2008; Dyllick & Hockerts, 2002).

Thus far research has been inconclusive in finding a causal link between socially responsible variables and business performance, with different studies drawing conflicting conclusions and failing to find a robust relationship (Perrini et al. 2011; Salzmann, Lonescu-Somers, & Steger, 2005). However, if Peters and Waterman (1982) are correct, a connection between values, sustainability and business performance should be discoverable.

While corporate governance mechanisms have been demonstrated to interactively influence an organisation’s social performance (Oh, Chang, & Kim, 2016), a difficulty in studying values is that they are subjectively constructed and are filtered by human thought and behaviour. The study of human values as they are expressed in groups has long been of interest to psychologists particularly regarding how society influences and alters these values

by promoting some as more culturally acceptable than others (Schwartz, 1995). There have been attempts to established measures of values at an individual level (eg. Schwartz 1992; Allport, Vernon, & Lindzey, 1960), but there is relatively more work to be done at the macro level to quantify values of collective groups (Agle & Caldwell, 1999). Therefore, a deeper understanding or organisational values needs to be achieved for sustainability to move beyond the abstract description of organisational phenomena, to becoming a behavioural based practice that may be applied willingly to organisations. In essence, we must know what values generate sustainability, either through management or investors or consumers or whomever.

Rokeach (1973, p.5), defines a value as “an enduring belief that a specific mode of conduct or end-state of existence is personally or socially preferable to an opposite or converse mode of conduct or end-state of existence.” This definition essentially describes values as an individual attribute that is based on personal belief systems. Connor and Becker (1994) suggest that work values are very specific in nature and are best treated as attitudes. However, research developments such as the Comparative Emphasis Scale (CES) (Ravlin & Meglino, 1987) suggest that there are general individual values that are operative in the workplace environment.

An organisational values system then can be said to represent the composite set of values that are internally consistent among the collection of individuals that make up the organisation (Padaki 2000). Padaki (2000) asserts that organisational values are the elements of identifying the predominant belief clusters within the people of the organisation and assessing the level of consensus among them. Organisational values therefore form the core of organisational culture and values research in the workplace rather than other domains such as family, community and even religion (Roe & Ester 1999).

Regardless of the values that are held by members within an organisation, organisations often display a set of values that they choose for themselves. Argyros and Schon (1978) separate these types as espoused and enacted values. Espoused values are often used as the variable under investigation rather than those that are implicitly shared by the individual members of the organisation. This is perhaps expected, as the values that organisations espouse are likely to offer some reflection of the organisation's practices, or at least reflect what the senior managers or significant stakeholders believe the organisation should be (Kabanoff, 2002). It represents how the leaders frame the organisation, thus there can be no doubt that the more educated ethical investors would be referencing such heuristics to determine whether an organisation belongs in their portfolio.

How values contribute to sustainability practice is yet to be fully understood, particularly outside of the experience of staff. When considering an organisation's motives behind sustainability behaviour, Matten and Moon (2008) make a distinction between 'explicit' and 'implicit' forms of corporate social responsibility (CSR), a notion heavily related to sustainability. They initially used these labels to account for what they observed to be cross-cultural differences between organisations from the USA and Europe on CSR practices in relation to how values are enacted.

According to Matten and Moon (2008), explicit CSR refers to the corporate policies such as volunteer programs and strategies that fulfil roles that are viewed externally to be the company's social responsibility. They are deliberate and are motivated by the perceived expectations of different stakeholders from within the society they operate in and are, ultimately, a strategic tool to maintain a positive reputation or image and hence perfect for relating to ethical investors. Organisations with this type of CSR would be drawn to the appeal of a business case for social responsibility so that explicit connection could be made to financial outcomes and growth.

The opposing implicit CSR consists rather of norms, values and rules where sustainability activities come about naturally as a reflection of the corporation's institutional environment. These are motivated by the societal consensus on the legitimate expectations of the roles of all groups in society, which includes corporations. For example, these companies may be driven by the philosophy of the family owners who set up the company rather than to follow the outside expectations of society. Therefore, they may be based on more subjective interpretation of values from within the organisation, while also being more stable as family values are quite consistent over time. Companies in the United States are shown to largely utilize an explicit form of CSR, while their European counterparts display the use of implicit CSR that primarily places moral commitments and values as drivers of sustainability (Matten & Moon, 2008).

In an effort to describe the types of values that might drive sustainability, Avery and Bergsteiner (2010) use the metaphor of 'Honeybees' to represent sustainable business philosophies where organisations leave the environment better than they found it, focusing on long term gain. They use 'Locusts' to represent businesses that focus on short term gain without giving much consideration of the communities and environments in which they operate. Therefore, despite looking similar in outward appearance, explicit and implicit types of CSR and hence sustainability represent contrasting approaches that both need to be understood to promote better sustainability practices.

2.3 Linking Sustainability Values to Performance

If Matten and Moon (2008) are correct, implicit values, regardless of how they are expressed in espoused values statements would be better at driving sustainability practice in an organisation, however what those values are remains unknown. Although it is reasonable to consider sustainability to be a somewhat mature theoretical concept (Carroll, 1989), it is surrounded by the complexity of how it may manifest in practice. There is no consensus as to

what specific facets should be included as being a part of the social responsibility of companies (Frederick, 1994; Griffin, 2000) or how to implement them, let alone what values may assist. A common approach to understanding sustainability is by looking at the economic sustainability, environmental (or ecological) sustainability and social sustainability of an organisation as the triple bottom line, also referred to as the ‘three pillars’ (Elkington, 1994; 1998). In this theory, ‘Socially sustainable’ companies are those that contribute to the communities within which they operate by furthering the social capital of these communities, while involving stakeholders so they understand the company’s motivations and value systems (Dyllick & Hockers, 2002), a notion that reflects the “pro-social” attitude descriptors in the ethical investor literature.

In an overview of how sustainability is currently defined in the existing literature, Dahlsrud (2008) demonstrates that sustainability activities tend to address five distinct dimensions: environmental, social, economic, stakeholder, and voluntariness. Dividing sustainability activities into such broad dimensions is problematic as it is conceivable that all companies at any given moment may be active in any one of these dimensions in one way or another. Regardless, many definitions behind sustainability are largely congruent in describing sustainability as a phenomenon rather than as a list of what the specific responsibilities of companies ought to be. Hence, Dahlsrud (2008) concludes that it is more important to understand how sustainability is socially constructed in a specific context, rather than to attempt to form a single all-encompassing definition.

If we take sustainability practice to be merely a modern type, or a category of organisational performance anyway, the way espoused values may contribute to an organisation’s sustainability practice may be determinable based on financial performance research. Positive relationships have been found between values and factors of workplace productivity such as employee engagement (Anna et al., 2013; Gruys et al, 2008),

organisational citizenship behaviour in teams (Arthaud-Day et al., 2012) and stronger organisational commitment amongst members (Cohen, 2011; Gruys et al 2008). Studies by Kotter and Heskett (1992) found that ‘cultural strength’ led by values was correlated with economic performance for organisations across US industries.

These studies indicate that values do impact behaviour and can contribute to organisational performance primarily through members’ connection to the organisation and the efforts they put in to their own performance, increasing performance overall. As Husted, Allen and Kock (2012) state, these types of studies are somewhat typical in their treatment of economic benefits as being spill overs from laudable sustainability behaviour. Therefore, any connection between values and organisational performance would largely be seen over the long term, particularly when using traditional accounting measures of financial performance (Baird et al. 2012). However, none of these studies have examined the impact of ethical investors on performance, it is highly likely that ethical investment returns will take less time to realise.

The precise connection between organisational performance and sustainability is still being explored, however the line of research using market returns as financial performance measures have typically found little to suggest any salient relationship (Baird et al. 2012). However, from an investment point of view, there is evidence to suggest that investors analyze the environmental, social and governance (ESG) practices of companies in making investment decisions (Du Rietz 2014) and generally view a firm’s social activities positively (Rodgers, et al. 2013). Cummings (2000) suggests that the true value of ethical investments is rather demonstrated in their level of investment stability as stakeholders appear more willing to hold on to ethical investment companies. This aligns with research findings showing that socially responsible investment (SRI) strategies in Spain showed greater resilience to economically turbulent events such as the Global Financial Crisis of 2008 and investors

considered the future risk of SRI companies to be less than other who were focused on maximizing profits (Ortas, Moneva, Burritt, & Tingey-Holyoak, 2014).

Cullis et al. (1992) suggest that ethical investors are presumed to be motivated differently to regular investors since they naturally take on more unsystematic risk by limiting their ability to diversify their portfolios outside of ethical investment. Consequently, the investment behaviour of ethical investors may be considered as signals to corporations since they have longer time horizons than other investors to which socially responsible managers are responsive (Cullis et al. 1992). For sustainability companies, they would attract responsible investors who would not be swayed merely by profit motives as the limited ethical investor literature suggests.

2.4 Connecting Espoused Values to Implicit CSR

Existing research has failed to provide any conclusive indication of the content that espoused values of successful sustainability companies may have, although it is possible to argue that sustainable organisations would have values that align with sustainability objectives. However there are indications of some inherent component that would demonstrate Matten and Moon's (2008) implicit CSR. Hence it is conceivable that those companies that demonstrate a stronger ethical investor connection may show a kind of implicit CSR or sustainability value set. In fact the work of Matten and Moon (2008) indicates that we may know implicit CSR by a reduced reliance on written material. Hence sustainability company values are likely to be simpler, shorter or simply have less complex sentence construction.

2.5 The Current Study

Thus, the current study aims to determine whether the behaviour of ethical shareholders provides evidence of a complementary connection between stakeholder management theory and RBV. To achieve this, we will use a matched pair design to

determine whether a substantial number, a critical mass, of ethical investors has a demonstrable impact on organisation share price, comparing highly rated ethical companies to those who are rated lower. We will also apply Matten and Moon's (2008) theory of implicit CSR and explore whether the sustainable companies have less written material on values when compared to their pairs, and whether those values reflect pro-social attitudes.

In essence, we hypothesise:

Hypothesis 1: sustainability companies are expected to experience less share price fluctuations in comparison to matched competitors.

Hypothesis 2: sustainability companies are expected to perform better in additional financial performance measures, namely Earnings per Share (EPS) and Return on Assets (ROA), in comparison to matched competitors.

Hypothesis 3: sustainability companies will use less text and simpler sentences when communicating their values in writing.

Hypothesis 4: sustainability companies will have values that demonstrate more "pro-social" attitudes than their matched competitors.

2.6 Method

2.6.1 Selection of Sustainable Companies

To solve the issue of how to define sustainability, this study uses a measure commonly accessed by ethical investors. The ESG index is used by Australian investors, which has three main areas of concern: environmental, social and governance. Integrated with ethical principles, ESG considerations are often used to define responsible investing (Viviers & Venter, 2012) and is seen as important for all investment decisions (Hummels & Timmer, 2004). Therefore, ESG ratings are widely used by all investors and has become a commonly used tool in research (eg. Arias Fogliano de Souza Cunha & Samanez, 2013; Cheung, & Roca, 2013)

The current study uses an ESG index that is published in Australia on ASX listed companies. The “Corporate Monitor” maintains a database of public information on major Australian companies and their non-financial performance. They use a wide range of sources including both internal reports made by the company and also reports from third parties such as NGO’s, regulators and reputable commentators. These provide information on the environmental and social impacts of a company and its products as well as the corporate government practices that it implements. This information is used to create the ESG index ratings which are published on a monthly basis in “Ethical Investor”, a major Australian ethical investment magazine used by ethical shareholders.

The ESG, at the time of this study, encompassed 334 companies which includes all operating companies in the ASX 200 and 50 Socially Responsible Investment (SRI) funds. The Index reports whether a company is involved in: Gaming, Alcohol, Tobacco, Defense or Uranium, including whether it has direct involvement or indirect involvement in each category. The companies receive star ratings out of 5 for each of the areas of Environment, Social and Governance ranging from a one star rating representing ‘adverse’ or ‘questionable’ practices and a five star rating representing best practice. Companies are also given an overall sustainability score out of 100 to form a separate index of the highest 50 rated companies each month.

The ESG ratings process provides higher scores to companies whose activities have inherently positive impacts on the environment and society while demonstrating actions that overcome any negative impacts. It also makes some adjustments according to size, profitability and the shorter history of smaller companies. Although the ESG index faces the same problems identified by Norman, Roux and Belanger (2009), it improves on other indices by using clearly defined categories to standardize the concept of sustainability and to quantify sustainability activities while showing what comprises each of these elements.

2.6.2 Sample

The current study examined the value statements and financial performance of 18 companies listed on the Australian Stock Exchange (ASX) between June 2011 and June 2012. The number of companies was chosen to match the number of industry sectors (9) as classified by the Global Industry Classification Standard (GICS). The highest ranked companies from each of the 9 different GICS industry sectors were selected based on the ESG top 50 list for June 2013. These 9 companies were the ESG group, representing higher sustainability/sustainability companies.

The companies in the ESG group were each paired with similar companies from the same industry sector with a comparable product line and a similar number of employees or percentage of market share. These 9 comparison companies were collected as the 'non-ESG' group to make up the total of 18 companies for the study. The selected companies are listed in Table 1 in their respective groups: ESG company and non-ESG company group. Where a highly similar comparison company was unable to be found for an ESG company, the next best ranked organisation within the same industry was selected as a replacement. Any changes and substitutions are also outlined at the bottom of Table 1. Companies have not been de-identified as this study uses only publicly available data. They are referred to by their stock codes which are listed in Table 1.

Table 1. List of sample companies and their chosen comparison companies.

INDUSTRY	ESG COMPANY	NON ESG COMPANY
FINANCIALS	Insurance Australia Group Limited (ASX code: IAG) No of Employees: 15000 ESG-50 Ranking: 1 st	Suncorp Group Limited (ASX code: SUN) No of Employees: 14500
ENERGY	Origin Energy (ASX code: ORG) No of Employees: 6000 ESG-50 Ranking: 5 th	AGL Energy Limited (ASX code: AGL) No of Employees: 3358
HEALTH CARE	CSL Limited (ASX code: CSL) No of Employees: 16000 ESG-50 Ranking: 9 th	ACRUX Limited (ASX code: ACR) No of Employees: n/a
UTILITIES	Infigen Energy (ASX code: IFN) No of Employees: 50-100 ESG-50 Ranking: 10 th	Silex Systems Limited [†] (ASX code: SLX) No of Employees: n/a
CONSUMER STAPLES	Treasury Wine Estates (ASX code: TWE) No of Employees: 3500 ESG-50 Ranking: 48 th	Australian Vintage Limited (ASX code: AVG) No of Employees: 567
TELECOMMUNICATIONS	Telstra Corporation Limited (ASX code: TLS) No of Employees: 36000 ESG-50 Ranking: 11 th	Singapore Telecommunications Limited (ASX code: SGT) No of Employees: 25000
INDUSTRIALS	Transurban Group* (ASX code: TCL) No of Employees: 1500 ESG-50 Ranking: 37 th	Brisconnections Units Trusts (ASX code: BCS) No of Employees: n/a
CONSUMER DISCRETIONARY	Pacific Brands Limited (ASX code: PBG) No of Employees: 3500 ESG-50 Ranking: 44 th	Oroton Group Limited (ASX code: ORL) No of Employees: 900
MATERIALS	Sims Metal Management Limited [‡] (ASX code: SGM) No of Employees: 6393 ESG-50 Ranking: 19 th	CMA Corporation Limited (ASX code: CMV) No of Employees: n/a

[†]Infigen energy is a part of the ‘wind’ energy subsector with its closest competitors being overseas based companies. Silex Systems was chosen as an ASX listed alternative from the ‘solar’ energy subsector which makes it a suitable but not ideal comparison.*Although SAI global was more highly ranked in the Industrials sector, their unique position of granting standards approvals meant there was no suitable comparison company within Australia. [‡]Although Amcor was the most highly ranked company in the Materials industry, it shared 90% market share with its closest competitor, Visy, which is not an ASX listed company.

2.7 Part 1: Financial Performance Data

Financial performance was assessed using publicly available information that was commonly accessible for the selected companies for the 2011/2012 financial year. Financial performance was predominantly assessed by measuring share price fluctuation, however earnings per share and return on assets were also included to assist in understanding results. Any results were then to be validated by a follow up examination of the same financial performance measures in the subsequent financial year to test the reliability of the results.

Share price fluctuation

As the main market measure, the current study examined the historical share price fluctuations of the sample companies for all trading days over the 13 month period of June 2011 and June 2012, inclusive. This followed the methodology used by Metcalf and Benn (2009) to examine the share fluctuations of ethical companies. The historical data were obtained from Yahoo Finance (au.finance.yahoo.com) in August 2013. No historical share data was available for both the industrials sector companies, Transurban and BrisConnections, as both companies had suspended their shares at some point during this period due to ongoing financial struggles since the GFC. Therefore, these two companies were excluded for the share price fluctuation analysis.

The initial inspection of the data also showed that CSL had an unusually high level of fluctuations compared to the other companies in the sample. Further background research showed that during this period, CSL had implemented a share buyback scheme with increasing profits and a weaker Australian dollar. These special circumstances made CSL a clear outlier and it was removed from the fluctuation analysis with its comparison company, Acrux. There were no suitable alternative companies representing the industries on the ESG index for the excluded pairs of companies. Therefore, after the exclusions, the overall fluctuation analysis was conducted with 14 companies, i.e. 7 pairs.

The fluctuation measures for each company were calculated as the difference between the highest and lowest share price for each day. The mean fluctuation was calculated for all the ESG companies and non-ESG companies. These daily fluctuations were averaged for each month and the statistical difference between these two groups was investigated for each month. A 2 by 7 mixed factorial design was used to compare fluctuation scores between the two groups. The statistical package, SPSS 21, was used to conduct a mixed analysis of variance (ANOVA) through the Repeated Measures option of the General Linear Model Procedure. Just for the purposes of analysis, the type of company (ESG and non-ESG) was the within subject factor and was treated as 2 levels. The 7 pairs of companies was treated as the between group factor.

Earnings Per Share and Return On Assets

Additional measures of financial performance for all of the 18 sample companies were obtained and calculated from the annual reports of each of the respective companies for the 2011/2012 financial year. One was Earnings Per Share (EPS), calculated by subtracting dividends paid to preference shares from net operating profit, and then dividing this by the number of common stocks issued (Richard et al., 2009).

The other measure was Return on Assets (ROA) this was calculated as the ratio of total revenue to total assets. During the course of this study, CMV formally went into administration in August 2013 and was delisted from the ASX. Therefore, while historical price fluctuations were available through third party databases, some information such as the EPS was not readily available give then absence of annual reports. However, the ROA was still calculated using administrator's reports.

2.7.1 Part 1: Results

Table 2 shows the mean fluctuations of the ESG and non-ESG companies on a monthly basis from June 2011 to June 2012. The results indicate that, on average, the sample

of ESG companies experienced less fluctuation in share price compared to the non-ESG sample (mean of A\$0.122 and A\$0.159, respectively). Fluctuation scores were positively skewed for both types of companies (skewness of 1.186 for ESG and 1.509 for non-ESG), therefore a logarithmic transformation was used to fit the data closer to a normal distribution prior to further analysis, the new skewness statistic was .057 for the ESG group and -.965 for the non-ESG group which was within the generally accepted skew range of ± 1 (Field 2009).

The mixed design ANOVA showed a statistically significant main effect of the type of company (ESG vs. non-ESG), $F(1,84) = 238.135$, $p < 0.001$, the degrees of freedom representing each of the months that were compared. This demonstrates a statistically significant difference between the ESG group and the non-ESG group with the ESG group having less average monthly share price fluctuation relative to non-ESG group. This supports hypothesis 1 by showing that the sustainable organisation demonstrate less share price fluctuations.

Table 2. Descriptive statistics of share price fluctuations for ESG and non-ESG companies 2011/2012 financial year

Year	Month	ESG Fluctuation (Aust. Dollars)		Non ESG Fluctuation (Aust. Dollars)	
		Mean	(SD)	Mean	(SD)
2011	June	0.133	(0.149)	0.168	(0.162)
	July	0.120	(0.135)	0.162	(0.176)
	August	0.189	(0.209)	0.261	(0.268)
	September	0.142	(0.161)	0.217	(0.183)
	October	0.145	(0.159)	0.196	(0.197)
	November	0.121	(0.136)	0.177	(0.162)
	December	0.098	(0.110)	0.160	(0.164)
2012	January	0.098	(0.103)	0.148	(0.122)
	February	0.121	(0.126)	0.176	(0.152)
	March	0.107	(0.111)	0.165	(0.138)
	April	0.092	(0.093)	0.115	(0.102)
	May	0.116	(0.117)	0.169	(0.143)
	June	0.110	(0.115)	0.171	(0.143)
	Total	0.122	(0.129)	0.176	(0.159)

*The above reports raw share price values without statistical transformations

Table 3 shows the comparisons of EPS and ROA (Total revenue/Total assets) for each group, for all 9 initial pairs of companies and had no companies excluded from the analysis.. While the sample is too small for a statistical means test, there is an obvious difference between the overall totals of each group, whose size is reflective of a diverse share portfolio. On average, a share portfolio comprising the sample of ESG companies would have generated 60.72 cents per share over the 2011/2012 financial year, while a share portfolio comprised only of the non-ESG companies would have generated 29.37 cents per share. This is to say that the group of ESG companies returned approximately double the earnings compared to the non-ESG company group for each of their shares. The comparisons of ROA, while not as drastic, demonstrate a 24.22% difference favouring the ESG group (78.01% for ESG and 53.79% for non-ESG).

Table 3. Comparisons of Earnings Per Share (EPS) and Return on Assets (ROA) in 2011/2012 financial year

ESG group	EPS (Australian Cents)	ROA	Non-ESG	EPS (Australian cents)	ROA
IAG	10.01	42.93%	SUN	56.68	16.72%
ORG	90.6	85.53%	AGL	23.8	50.59%
CSL	189.24	81.58%	ACR	4.44	17.89%
TLS	27.5	64.18%	SGT	19.27*	46.99%
PBG	-49.1	105.62%	ORL	60.99	123.71%
TWE	13.9	43.97%	AVG	5.4	52.21%
IFN	7.2	8.91%	SLX	21.6	7.13%
TCL	3.8	11.66%	BCS	32.19	14.18%
SGM	253.3	257.70%	CMV	40	154.74%
Average	60.72	78.01%	Average	29.37	53.79%
SD	99.08	74.90	SD	20.17	51.90

*Was converted from Singapore dollars to Australian dollars using historical exchange rates between the 2011/2012 financial year at S\$1 = A\$ 0.76955.

2.7.2 Validation of Part 1: Financial Performance Data

To validate the previously found results, we later repeated the financial measures for the same companies for the subsequent financial year. The historical share price fluctuations of the sample companies for all trading days over the 12 month period of July 2012 and June 2013, inclusive. It was during this time that CMV, from the non-ESG group, had experienced a crisis which led to it going into volunteer administration in August 2013. Therefore we excluded the pair from the Materials industry in the validation data to leaving 12 companies, i.e. 6 pairs from the original analysis. The same repeated measures ANOVA procedure was used to compare fluctuations between the ESG and non-ESG companies. The EPS and ROA were also collected for this period.

Table 4 shows the mean fluctuations of the ESG and non-ESG companies on a monthly basis from July 2012 to June 2013. The results indicate that, on average, the sample of ESG companies experienced less fluctuation in share price compared to the non-ESG sample (mean of A\$0.079 and A\$0.117, respectively). Initial tests of assumption showed the fluctuation scores for both groups were within (skewness of .863 for the ESG group and .161 for the Non-ESG group) and no data transformations were applied in the analysis.

The mixed design ANOVA showed a statistically significant main effect of the type of company (ESG vs. non-ESG), $F(1,71) = 15.54$, $p < 0.001$, once again with the degrees of freedom representing the total months counted. This demonstrates that the ESG group has once more experienced less average monthly share price fluctuation relative to non-ESG group in the 2012/2013 financial year.

Table 4. Descriptive statistics of share price fluctuations for ESG and non-ESG companies 2012/2013 financial year

Year	Month	ESG Fluctuation (Aust. Dollars)		Non ESG Fluctuation (Aust. Dollars)	
		Mean	(SD)	Mean	(SD)
2012	July	0.071	(0.071)	0.123	(0.085)
	August	0.073	(0.056)	0.120	(0.087)
	September	0.063	(0.050)	0.116	(0.082)
	October	0.065	(0.049)	0.104	(0.075)
	November	0.076	(0.065)	0.100	(0.070)
	December	0.059	(0.046)	0.092	(0.061)
2013	January	0.062	(0.044)	0.099	(0.072)
	February	0.091	(0.073)	0.126	(0.091)
	March	0.089	(0.067)	0.129	(0.102)
	April	0.090	(0.076)	0.123	(0.093)
	May	0.102	(0.079)	0.143	(0.101)
	June	0.110	(0.096)	0.133	(0.096)
Total		0.079	(0.063)	0.117	(0.080)

Table 5 shows the comparisons of EPS and ROA for each group during the 2012/2013 financial year, with this analysis including 7 remaining pairs of companies after the exclusion of the pairs that include CMV and BCS. On average, a share portfolio comprising the sample of ESG companies would have generated 50.14 cents per share over these 12 months, while a share portfolio comprised only of the non-ESG companies would have generated 29.34 cents per share. This is to say that the group of ESG companies returned approximately 71% more than the Non ESG group. While this is not as high as the original analysis of the previous year, it still represents a drastic contrast between the two groups that supports the previous findings.

The difference in the ROA also demonstrated that the ESG group generated stronger returns compared to the Non-ESG group, although the difference between the two groups was less than in the original analysis, see table 7 (59.39% for ESG and 52.38% for non-ESG).

Table 5. Comparisons of Earnings Per Share (EPS) and Return on Assets (ROA) in 2012/2013 financial year

ESG group	EPS (Australian Cents)	ROA	Non-ESG	EPS (Australian cents)	ROA
IAG	37.57	43.28%	SUN	38.42	16.87%
ORG	34.6	60.29%	AGL	70.7	68.65%
CSL	243.9	85.84%	ACR	4.16	31.24%
TLS	30.7	66.65%	SGT	19.01*	45.90%
PBG	8.1	99.70%	ORL	67.2	139.11%
TWE	6.5	42.65%	AVG	5.3	47.67%
IFN	-10.4	17.29%	SLX	0.6	17.24%
Average	50.14	59.39%	Average	29.34	52.38%
SD	87.23	27.96	SD	29.92	42.42

*Was converted from Singapore dollars to Australian dollars using historical exchange rates between the 2012/2013 financial year at S\$1 = A\$ 0.8633.

2.8 Part 2: Values Structure and Content Analysis

To analyse values, the espoused organisational value statements of the sampled companies were collected from publicly available resources for each company. Only specific value statements, where companies openly and specifically list what their core values are, were acquired for the analysis. The resources accessed included: websites, annual reports, code of conduct policies and news articles respectively. If no value statements were found in websites, the next resource was investigated and so forth to identify statements. Any repeated statements from different resources were removed to ensure no statement was represented more than once in the analysis.

All gathered value statements were then collated for each of the ESG and non-ESG company groups. Content analysis was then conducted using Leximancer software for each group.

Leximancer

Leximancer 4, a text analytics software tool, was used to add reliability to the themes and concepts that emerged from the gathered value statements (Leximancer, 2009). The

software relies on machine learning, rather than on the interpretations of the researchers which may be biased or inaccurate. Researchers have previously used Leximancer to analyse transcripts of conversations (Grimbeek, Bartlett, & Loke, 2004), large combinations of journal articles (Cretchley, Rooney, & Gallois, 2010) and reports from the workplace (Grech, Horberry, & Smith, 2002).

The program presents the information visually in the form of a conceptual map allowing the researcher to view the conceptual structure of the body of text and the emergent themes within that structure. This conceptual map allows for a visual comparison between the ESG and non-ESG groups as well as allowing the researcher to identify the key concepts and themes which may distinguish the two groups. This is particularly useful for relational analysis to determine where certain terms sit in relation to others. The use of concept maps has been shown to be effective for highlighting trends within collections of documents, and for conducting differential analysis between documents (Stockwell, Colomb, Smith, & Wiles, 2009).

Leximancer settings used for this analysis

In the analysis, Leximancer was allowed to generate its own concepts based on the keywords of the text and to connect concepts according to relatedness to one another. Once Leximancer identified the key concepts for the espoused values, it presented them in the form of a concept map that links related concepts together.

Leximancer also creates themes within the concepts. These are superimposed on the concept map. A number of theme sizes were used to consider how these concepts could be grouped in to themes which would best encompass the core characteristics of either of the two groups. A larger theme setting increased the number of themes and would, at a certain point, become too crowded and illegible. A low setting created too few themes with an imbalance in the size and distribution of concepts being covered by each theme.

Based on these considerations, a number of theme sizes were used to inspect the emergent themes of each of the groups. For the final analysis, the theme size for the ESG was set at 18% while the non-ESG group, which had more concepts, was set at 12% to improve comparability, since the theme sizes were similar when using these settings. Visually, these settings produced the most even distribution of concepts across similar theme sizes without any single theme dominating the concept map.

Almost all the data was included for the analysis with the exception of the word ‘group’ (ie. Suncorp ‘group’ or Transurban ‘group’), that was removed from each company’s name to prevent it confounding the analysis due to its constant use. Negative statements which defined what the company’s values were NOT were excluded from the analysis (this was relevant to one company only, AGL). Although the word “Suncorp” emerged as a theme, it was deemed necessary to leave this in the results as it represented how often this organisation would refer to itself in its value statements and that being ‘Suncorp-centric’ was indeed a very core part of its values.

2.8.1 Part 2: Results

When examining the compiled value statements, it was evident that there was a substantial difference in the amount of data that was compiled for analysis between the ESG group and the non-ESG group (ESG: 756 words, non-ESG 2066 words). Non-ESG companies overall went to greater lengths to explain their values. The financials industry organisation (Suncorp) for example would elaborate substantially on each of its value statements to explain how this relates back to its business practices. Consequently, the Leximancer software picked up “Suncorp” as a major theme since they would refer to themselves quite extensively.

Exhibiting the same phenomena, the non-ESG company from the energy industry (AGL) elaborated on their values as they would state a core value concept such as “Delivery”

and then would list what they consider delivery to mean, followed by another list of what they believe delivery does NOT mean to them. Such lists of what something does NOT mean were removed when inputting data for content analysis on Leximancer, as it made the data unintelligible. In this group, only the non-ESG company from the materials industry (CMA) did not have value statements available on its website or annual report and they had to be extracted from its code of conduct guidelines.

ESG companies, on the other hand, were more succinct and offered relatively little explanation of their core values. Three of the ESG companies did not explicitly state their core values openly on websites. Their value statements had to be extracted from their code of conduct for the purposes of the analysis (ie. for the companies IFN, SGM and AVG). Telstra stated its values in the most simplistic manner of all the companies as they simply listed three pairs of words as being their core values without elaborating further on what these specifically mean. Despite some of these individual characteristics, samples were combined within groups for further analysis.

Leximancer Content Analysis

Figure 1 and Figure 2 are the concept maps and themes generated by Leximancer from the value statements of ESG companies and non-ESG companies respectively. On the left side are the individual concepts and on the right are the very same concepts as grouped by themes. The proximity of concept terms illustrate the similarity of content between them and concepts that appear more frequently having a larger dot behind the concept label. Themes and concepts are represented by colours indicating how ‘hot’/strong a theme is (represented by red) or how ‘cold’/less salient a theme is (represented by blue).

The names of the themes are taken from the most frequently appearing concept within the theme and overlapping circles represent interconnected themes. Figure 1 demonstrates that concepts are clearly structured in a straight line for the ESG company value statements.

There appears to be a linear progression of concepts that have been presented vertically with constant interconnection between themes from one end to the other. At the core is the most salient theme of ‘value’ that overlaps ‘performance’ and ‘respect’ suggesting that these two arms are most closely linked to the values that are presented by the ESG group and may represent what the organisation hoped to achieve through their values.

The ‘performance’ concept links with ‘commitment’ highlighting the strong focus on performance that ESG companies appear to be committed to. ‘Commitment’ in turn overlaps with ‘information’ which ultimately leads to ‘better’. The ‘respect’ arm that stretches downwards overlaps with ‘best’ which suggests that respect is strongly linked to the best in terms of quality. ‘Best’ in turn overlaps with ‘others’, which include the concept of people’s ‘needs’ and this then ends with the theme of ‘responsibility’. These elements suggest that ESG companies have a strong focus on their performance and even pursue respect by becoming the best at what they do. While there appears to be elements that indirectly refer to social and economic sustainability, there is little in terms of references to environmental sustainability or the direct mention of sustainability itself and its directly related concepts.

In contrast, Figure 2 paints a markedly different picture of values in non-ESG companies. Here concepts are dispersed into a greater range and it is more difficult to determine a clear structure of how they relate to one another. Understandably, there is an overlap between themes such as ‘safety’ and ‘conduct’, but otherwise themes do not overlap as closely as they did in the ESG group. The core theme for the non-ESG group is ‘business’ which is linked to ‘results’, ‘conduct’ and ‘safety’, each of which separate into different areas of the concept map. Of these, ‘results’ is colored as being the most salient and includes the concept of ‘value’, this time referring to financial values. This appears to represent a strong emphasis on performance with business at the core.

In addition to the obvious difference in the structure of the two concept maps, the non-ESG group has a substantially wider range of concepts that encompasses more elements of sustainability. Building outward from the core theme of 'business', their values cover 'safety', 'conduct', 'community' and even have the concept of 'responsibility' separate to being 'responsible' at different ends of the map. It suggests that the non-ESG group may be including sustainability concepts in their value statements to a greater extent than the ESG group, while also demonstrating a broader use of the concepts, even linking safety and sustainability for instance. There is, also, not a single distinct pattern in terms of how these concepts are interrelated and the non-ESG value statements appear to be more dispersed with less focused key themes.

It is likely that the greater word count for the non-ESG dataset may contribute to the larger number of concepts and themes by companies trying to cover every angle. However, even when taking this into consideration, the comparative structure of the maps clearly demonstrate that ESG companies carry some form of close connection in how their concepts relate to each other. This means that themes consistently emerge only in close relation to the next theme in a linear structure.

Overall, it is evident that there are greater contrasts between the two groups in terms of the structure and form of the value statements rather than the content being oriented towards sustainability related concepts.

Figure 1. Concept map for ESG group

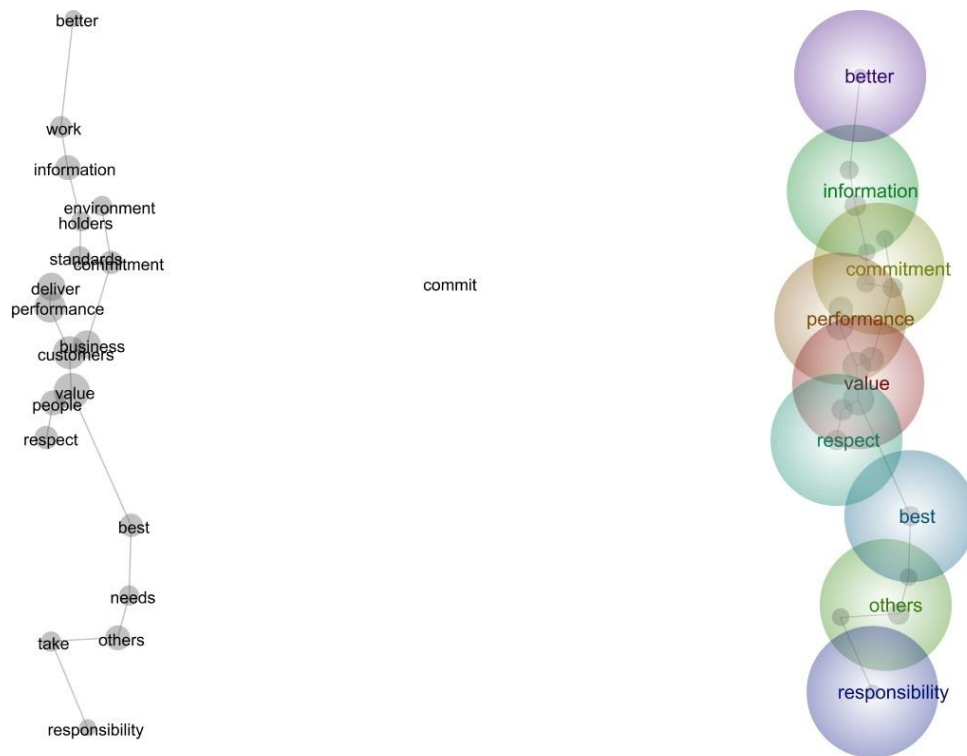
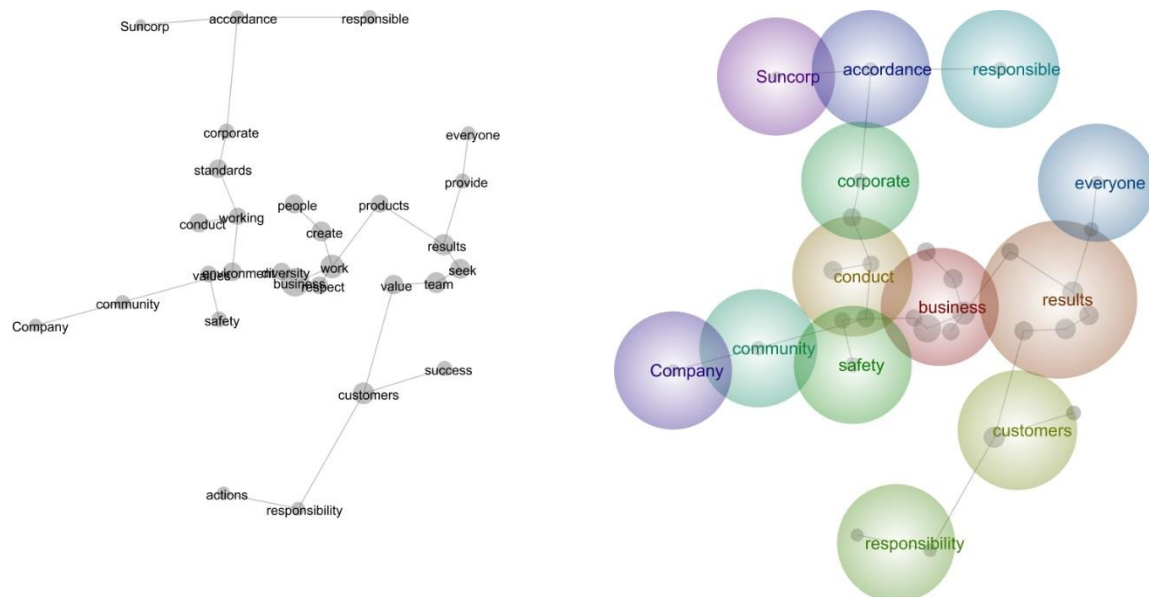


Figure 2. Concept map for non-ESG group



Example quotes for themes in figure 1 and figure 2

Statements such as “We value a considered sense of urgency in the way we approach our business with a ‘can do’ attitude” and, “We value performance in the way we collaborate to deliver the highest level of sustainable business outcomes for our shareholders, people, customers and communities” have produced the concepts ‘value’ and ‘business’ under the overarching theme of ‘values’. The count indicates the number of times the concept emerges overall and statements such as these may produce multiple concepts. This example shows how both statements contain ‘value’ and ‘business’ and this close proximity is represented by their close link on the concept map.

‘Business’ is the core theme for the Non-ESG group and the concept of business has the highest count as it appears 16 times. It comes from statements such as “We look for better ways of doing business and share a passion for making a difference.” Within the same theme is the concept, ‘Create’, which comes from statements such as “We acknowledge the potential of the individual and create opportunities for all to grow and excel. Together, we celebrate our success and achievements.” Although expressed differently, it can be seen that there are links between the meanings that each is attempting to convey in terms of finding better ways to do business. A more comprehensive list of exemplary quotes is displayed in Table 6 and Table 7.

Table 6. ESG company themes and concepts listed in order of frequency with exemplary quotes

Theme	Concept	Count	Example Quote
Value	Value	6	“We value a considered sense of urgency in the way we approach our business with a ‘can do’ attitude.” -IAG-
	Customers	6	“We are passionate about meeting the needs of our customers.” -CSL-
	Business	4	“We value performance in the way we collaborate to deliver the highest level of sustainable business outcomes for our shareholders, people, customers and communities.” -IAG-
	People	2	“We are straightforward people and always open to a challenge. We make time to listen, understand and respect each other's perspective.” -PBG-
Performance	Performance	4	“We deliver on the commitments made in all areas of performance.” -ORG-
	Deliver	3	“We work as a team to deliver outcomes.” -PBG-
Commitment	Commitment	3	“We demonstrate our commitment by working hard and always striving to be our best.” -PBG-
	Standards	2	“Commitment to delivering security holders and the market accurate, timely and up-to-date information within both the letter and spirit of the ASX Listing Rules, relevant laws, and applicable accounting standards.” -IFN-
Others	Others	5	“Appreciate different views and approaches. Listen and suspend judgement. Respond to the needs of others. Value everyone’s safety as well as your own. Contribute to the creation and maintenance of a culture of trust, responsibility and inclusiveness.” -TCL-
Information	Information	3	“We constantly learn and implement new and better ways, sharing information and ideas effectively.” -ORG-
	Work	3	“We work together to achieve better results.” -CSL-
Respect	Respect	3	“We value respect in the way that we treat our customers and colleagues, and for the diversity that they represent.” -IAG-
Best	Best	5	“We strive to be the best at what we do.” -CSL-
Responsibility	Responsibility	3	“Act on what is agreed. Take responsibility for your actions.” -TCL-
Better	Better	4	“We work together to achieve better results.” -CSL-

Table 7. Non-ESG company themes and concepts listed in order of frequency with exemplary quotes

Theme	Concept	Count	Example Quote
Business	Business	16	“We look for better ways of doing business and share a passion for making a difference.” -SGT-
	Work	8	“We strive to have fun in our work and do things differently as we want our customers and our team members to feel good about our company. We want to create a company where one person can and does make a difference.” -ORL-
	Create	5	“We acknowledge the potential of the individual and create opportunities for all to grow and excel. Together, we celebrate our success and achievements.” -SGT-
	People	5	“We value our people. We are committed to fostering a culture that values, respects and supports our people and that encourages us to treat each other and our associates in accordance with the Suncorp Group values.” -SUN-
	Respect	5	“We respect the diverse knowledge, skills and backgrounds of individuals and recognize each person’s contribution to results.” -BCS-
	Diversity	3	“Respect, dignity, fairness and courtesy are hallmarks of our business dealings with colleagues, customers and others, in conjunction with a commitment to maintaining a safe work environment that is free from discrimination or harassment. We will invest in the ongoing enhancement of our skills and abilities and encourage workforce diversity.” -SLX-
Results	Results	8	“We reward success, results and high performance and seek excellence across all facets of our business. We develop and sell quality products that we believe in and only work with quality providers and business partners.” -ORL-
	Team	9	“We maintain a skilled and motivated team in which individuals accept responsibility and are rewarded for achieving the results we seek. We provide our team with the direction, authority, resources and training needed to achieve the results we seek.” -BCS-
	Seek	8	“We seek continuous improvement and take pride in what we do.” -SGT-
	Value	9	“The company highly values its clients and customers.” -CMV-
	Products	4	“We work fast because we believe people are interested in results not talk. We create beautiful products and retail environments and strive to provide fantastic service and warmth in all our interactions with everyone we deal with.” -ORL-
Conduct	Conduct	7	“Senior officers will maintain the highest levels of professional conduct in their interactions with colleagues, business partners and in representing the company in the community.” -CMV-

	Environment	5	“We care about the community and the environment. We are committed to being a caring and active member of the community and good corporate citizens by working together towards making a sustainable contribution to the community.” -SUN-
	Standards	9	“We recognize and endeavour to comply with the Suncorp Group’s obligations under all relevant laws, rules, regulations, standards and codes, internal policies and procedures, and by having regard to accepted community and ethical standards.” -SUN-
Customers	Customers	15	“We must be responsive to external and internal customers.” -AVG-
Responsibility	Responsibility	5	“Our reputation is based upon our ability to fulfil promises to shareholders, customers and employees. We do so by being honest in our dealings, taking responsibility and being accountable for our actions.” -SGT-
Safety	Safety	4	“We have an overriding commitment to health and safety. We look after each other and those affected by our operations.” -BCS-
Corporate	Corporate	4	“We are committed to being a caring and active member of the community and good corporate citizens by working together towards making a sustainable contribution to the community.” -SUN-
Community	Community	5	“(a work environment that) reflects our commitment to be part of the wider community and our intention to contribute to the community in a positive way.” -SUN-
Responsible	Responsible	6	“We actively involve ourselves as a responsible member of the communities in which we operate.” -BCS-
Everyone	Everyone	5	“Everyone in Acrux is a leader by demonstrating competence, responsibility and initiative.” -ACR-
Accordance	Accordance	4	“We have in place a number of systems, policies, standards and procedures to assist us to behave and act appropriately and in accordance with applicable laws and regulations.” -SUN-
Company	Company	5	“The Company highly values its clients and customers.” -CMV-
Suncorp	Suncorp	9	“We recognize and endeavour to comply with the Suncorp Group’s obligations under all relevant laws, rules, regulations, standards and codes, internal policies and procedures, and by having regard to accepted community and ethical standards.” -Suncorp-

2.9 Discussion

The aim of this study was to determine whether the behaviour of ethical shareholders could provide evidence of a complementary connection between stakeholder management theory and RBV. Results indicate that ethical investors (the stakeholder group) provided a particular type of competitive advantage to sustainable organisations, useful in times when share buffering is required to survive difficult financial markets, when it is likely that banks are looking for more stable organisations to lend money to. In essence then, organisational sustainability fits the RBV's notion of an organisational capability, at least in relation to certain stakeholders and at particular times.

In summary then, hypothesis 1 was supported, as sustainability companies were found to have significantly lower share price fluctuations in comparison to their matched competitors. This finding is consistent with the research on ethical investor behaviour and demonstrates that ethical investors tend to be committed to the organisations they choose (Webley, Lewis and Mackenzie 2001, Wins and Zwergel 2016). In addition, it was found that the same sustainability companies also demonstrated higher EPS and ROA, indicating that although researchers have found ethical investors to be less caring of financial returns (Webley et al. 2001) there may be a stronger connection to financial returns worth exploring further. The current study also appears to provide support to Cummings (2002) and Ortas et al.'s (2014) suggestion that sustainability organisations experience less volatility, which buffer it from economic issues and other 'noise' that may otherwise impact share performance. In fact, this study may have found the mechanism for this.

This study also supports hypothesis 2 following the work Metcalf and Benn (2009) by demonstrating that a share portfolio of the sustainability companies would have produced higher EPS than a portfolio made up of the matched pairs. Furthermore, the sustainability group generated a stronger rate of return (ROA) over the matched competitors and supports

previous findings that ethical investment also provides a competitive advantage for investors over time.

The follow up validation study of the financial results supported the earlier findings, however the effect sizes were not as large. This reduced effect size may be due to the exclusion of CMV and BCS whose poor performances eventuated in becoming delisted from the ASX. While these represent just two cases, it is interesting to observe that over the course of this study, it was two of the companies in the non-sustainable (non-ESG) group that went into administration. Furthermore, in late 2015 it was reported that TCL, the ESG company representing the industrials sector for this study, acquired BCS, it's matched competitors.

In addition, hypothesis 3 was supported. A computer assisted qualitative content analysis of values statements collected from the same sustainability companies, in comparison to the same matched competitors, indicated that sustainability companies have simpler, more highly connected value statements. This is just as Matten and Moon (2008) suggested. The sustainability group, were more focused in their presentation of values and literally used less words when stating their values, relative to their less or non-sustainability matched competitors. They were more inclined to focus on a few key words that were often explained through simple phrases or linked to related words or concepts. Non-sustainability organisations on the other hand tended to elaborate on their values and went to greater lengths to describe what the organisation stood for.

The non-sustainability companies included a much wider range of concepts in their values when generating concept maps with Leximancer. As well as using more words to describe their values, they covered more ground in terms of the themes they encapsulated within their value statements. This made their core values more diverse and, despite that diversity, little overlap could be found between the organisations in the group. The

sustainability group's values statements could be tied to substantially fewer concepts and themes were linked to relatively fewer other concepts.

In addition, due to elaborating more extensively in their value statements, the non-sustainability group explained their commitment to sustainability practices more so than the sustainability group. The concepts generated by the non-sustainability group provide an impression that they were quite focused on sustainability practices with concepts such as 'community', 'safety' and 'customers' being at the core of their values statements. Essentially, companies in the non-sustainability group tended to talk more about their commitment to sustainability and sustainability in their value statements than sustainability companies.

With regards to the espoused values, the structure of the concept maps of the values demonstrate that sustainability companies have values where concepts follow a simple linear structure in contrast to non-sustainability companies, that had a more random distribution of concepts. The sustainability group's concepts were related to one another like a single chain whereby the discussion of one theme was very close to another, followed by another and so on in a single line. This reflects the simpler nature of their value statements and the straight forward linkage of concepts. In contrast, the non-sustainability group's random structure reflects a certain level of disagreement or confusion in their value statements. Overall, these results may represent additional evidence for the advantages of implicit over explicit values, where values do not have to be fleshed out in an elaborate manner to be effectively actioned.

Finally, hypothesis 4 was not supported. Although the sustainable organisations certainly mention pro-social like values, and the values statements were inherently positive about sustainability itself, there was no real difference when compared to the match pairs in terms of content. Discernible themes appear quite common among both the sustainable and matched pair groups. This would appear to indicate that it is the simpler message that is more

useful or more implicitly trustworthy to investors, however considering the numbers of researchers that have linked pro-social values to sustainability behaviours, there is a need for further research. It may be that content is better understood by exploring what employees, for instance, actually do and hence describing and measuring it more in terms of observable behaviour. It may be that the content of values cannot be understood merely through qualitative means, at least in relation to ethical investor behaviour.

Of course no company would publicly put forward organisational values that are knowingly detrimental to the reputation and success of their company. However, as discussed, espoused values are very distinct to enacted values and there is appropriate caution about whether value statements have a meaningful influence on organisations (Argyros & Schon, 1978; Giblin & Amuso, 1997) or how that influence occurs. Although we cannot provide a list of sustainability values yet, the results suggest there is at least some notable characteristics held within the value statements espoused by sustainability companies which tend to reflect Matten and Moon's (2008) implicit sustainability.

Matten and Moon's (2008) implicit sustainability indicates that values are likely to drive organisation performance through unwritten social norms. This means that implicit sustainability values would drive the organisation not as an abstract entity, but rather through the people within the organisation (Giblin & Amuso, 1997) and their behaviour as demonstrated by Gruys et al (2008). The importance of leadership and stakeholder, including employee, influence on the implementation of sustainability in organisations is central to living out the values of an organisation (Gotsi & Wilson, 2001). Employee engagement comprises emotional, cognitive and physical dimensions (Kahn, 1990). It may be that implicit sustainability, because it accesses social norms, is more able to stimulate all aspects of employee engagement, particularly the emotional component.

The results of this study suggest that organisational values appear to have a part to play in sustainability and organisational performance, by connecting to external stakeholders, and ethical shareholders in particular. The parallels between financial performance and ESG and well as the contrasting expressions of espoused values indicate that stakeholder theory and the RBV are complementary theories at least in relation to ethical shareholders and competitive advantage in difficult financial times. In addition, it indicates that a direct link between sustainability value statements and financial performance may be discoverable with quantitative methods, perhaps by combining the current study with the model of Gruys et al (2008) and including a measure of how values are lived out and observed through behaviour. Hence, in efforts to improve organisational sustainability and sustainability, the practical question becomes less about the content of value statements, as per Dahlsrud (2008), and more about ensuring value statements reflect social norms.

2.9.1 Limitations and Suggestions for Further Research

Although the current study has developed insight into how espoused values are different for sustainability companies, there are limitations to the methodology used. Firstly, the nature of the design involved the highest ranked companies from broad industry sectors, thereby limiting the sample size of the two comparison groups to just nine companies for each group. However, this approach also made it possible to find highly comparable matched pairs of competitors and created a more specific finding. A larger sample size would make it difficult to identify suitable comparison companies particularly in a small stock exchange like the ASX. The potential trade-off of using a larger market is that the effects of ethical investing may be reduced. It is highly likely that the effect found in the current study relies on a certain number of ethical investors, a critical mass of at least 30% of the total number of assets in the exchange that may be difficult to obtain in other markets. To further utilise the

beneficial characteristics of the Australian market, different sampling methodology within the Australian context would help validate the results.

Nevertheless, a study could be conducted in a larger market such as the United States to allow for increased certainty in the findings. The same studies in Europe would also allow contrasts to be made between widely explicit CSR and implicit CSR institutional contexts. These studies would be able to also investigate the different financial success measures to determine which are more influential to ethical investment decisions.

One aspect that the study has not clearly identified is the possible existence of any common language that ESG organisations use in their value statements. In future, it would be interesting to see whether the adoption of guidelines such as the Global Reporting Initiative (GRI) creates commonalities which standardises the way organisations communicate about sustainability and values in general. It may be that non-ESG organisations may lack this commonality, creating a larger contrast in how values are communicated.

An assumption of this study was that a substantial proportion of stakeholders who invest in ESG companies were ethical investors. However, further research on investor choice motivation would measure the extent to which ethical motivations account for investments. Alternative findings may suggest that investors are attracted to ESG companies because of an awareness of there being less share price fluctuations rather than due to their personal values. A study of investor choice motivation would also provide insight in accounting for there being less interest for ROA in contrast to the other measures of financial performance.

Although it would be valuable to replicate the current study in a different stock exchange, or with alternative indices, the main suggestion for future research is demonstrating a causal link between sustainability values and organisation performance, by combining stakeholder theory and the RBV. As sustainability and ethical investment

practices continue to grow, it is increasingly necessary to better understand the perspectives of investors and their motives particularly as they relate to organisational strategy and the capacity to advance organisational sustainability.

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Chapter 3: How Values for Sustainability are Enacted: A Multilevel Examination

This chapter presents study two of this thesis which continues the investigation of organisational values and how they lead to sustainability outcomes. In chapter 2, study one provided an external view of organisational values and performance to find that the way espoused organisational values are constructed may impact sustainable behaviour. Study two examines an internal perspective of organisational values and the sensemaking process that filters espoused organisational values and accounts for the gap between espoused and enacted values. In essence, study two explores how organisational values filtered internally through the levels of the organisation, i.e individual/ team/ organisation, to achieve the sustainability outcomes of people, planet, profit. The study posits that a multilevel approach is necessary for understanding the flow of values through an organisation and also develops a questionnaire tool for differentiating between the team and individual levels in organisations. The results suggest that some organisational levels are better in addressing different dimensions of sustainability, while an aligned ethical culture within the organisation provides a beneficial environment for sustainability outcomes to be achieved.

What follows is a paper submitted to, but not yet accepted to the journal, *Organisation & Environment*. I am the first author and my supervisor, Louise Metcalf, is the second author of this paper. My contribution to the research and paper was: Concept = 70%; Data collection = 100%; Data analysis = 100%; Writing = 90%; Total = 90%.

Study Two Paper Title: How Values for Sustainability are Enacted: A Multilevel Examination.

3.1 Abstract

Sustainability is widely recognized as a complex problem, however how organisations navigate the ethical sensemaking process, and the organisational level that it occurs in, is yet to be understood. This study explores how espoused organisational values are clarified and used at multiple levels in the organisation. An Applied Organisational Values Scale (AOV) was developed to determine the levels of an organisation that values sensemaking occurs within. The Ethical Climate Questionnaire (ECQ) was then used for validation. Following a pilot study of 125 university students, a further 142 professionals employed in the financial sector participated. Results of multiple statistical analyses, including confirmatory factor analysis (CFA) indicated that humanitarian values are processed at the level of the individual, whereas environmental values are processed at the level of the team. In addition, both of these mechanisms were significant predictors of sustainability outcomes as indicated by self-report. In addition, the AOV had a valid relationship to the established ECQ, demonstrating convergent validity. The implications of these findings are that values based interventions to improve or advance ethical cultures must be actioned at different organisational levels and changes processes should reflect these natural sensemaking processes.

Keywords: Sustainability, Corporate Social Responsibility (CSR), Sensemaking, Organisational Values

Advocates of sustainable development are nearly unanimous that making meaningful transitions towards sustainability goals requires substantial shifts in human society in relation to: values, attitudes, and behaviours (Leiserowitz, Kates, & Parris, 2006). Values are proposed to be of particular importance as they are one of the most basic drivers of human behaviour (Locke, 1991) that guide behaviour in complex and dynamic environments and contexts where it is not possible to be absolutely certain of a correct decision or action. Though, none have offered an exact list of explicit values that might drive or create sustainability, how values drive this behaviour has been predominantly understood through a normative approach and stakeholder management theory (SMT). SMT originally postulated by Freeman (1984), has become a dominant frame of reference for understanding how to interface organisations to what is valued by the human beings, stakeholders, it impacts upon. It includes owners, employees and managers as internal stakeholders, however there is no indication as to how organisations should then collaborate with stakeholders to enact what is determined to be valued, or how internal stakeholders might collaborate most effectively.

This is particularly problematic for the implementation of sustainability values, as sustainability is widely recognized as a complex problem, in 2009 the National Academy of Sciences of the United States of America published a paper in its proceedings that demonstrated the level of complexity required to reach a sustainable human society (Beddoe, Costanza, Farley, Garza, Kent, Kubiszewski, Martinez, McCowen, Murphy, Myers, Ogden, Stapleton, & Woodward, 2009). These distinguished scientists conclude that:

...the task is huge and will take a concerted and sustained effort if we hope to make the transition a relatively smooth one. It will require a whole systems approach at multiple scales in space and time. It will require integrated, systems-level redesign of our entire socio-ecological regime, focused explicitly and directly on the goal of sustainable quality of life rather than the proxy of unlimited material growth. It

must acknowledge physical limits, the nature of complex systems, a realistic view of human behaviour and well-being, the critical role of natural and social capital, and the irreducible uncertainty surrounding these issues. (p. 2488)

In order to make sense of this complex and ambiguous concept, Angus-Leppan, Metcalf and Benn (2010) have argued that organisations take a sensemaking approach.

According to Weick (2001), sensemaking is a socio-psychological retrospective process that we use to reduce ambiguity and to address uncertainty. It is a method of creating a consistent set of understandings for ourselves in the face of uncertainty that makes sense of our experience in ways that preserve our positive sense of self by ascribing meaning to our actions in what is a continuous process of inventiveness (Weick, 2001). Sensemaking precedes decision-making: it is a 'waystation on the road to a consensually constructed, coordinated system of action' (Taylor and Van Every, 2000, p. 275). However it may also follow decision making (Maitlis, 2005). We sensemake as individuals, however Weick's (2001) term was built on organisational cases and hence focused on sensemaking in groups.

In essence, as Angus-Leppan, Metcalf and Benn (2010) determined, it is sensemaking that allows human beings in organisations to make decisions around the complex demands of sustainability, including how to enact values. Further studies have determined how these demands are placed on leaders to interpret circumstances and apply complex problem solving to move towards adaptive organisational change towards sustainability (Metcalf & Benn, 2013). However, there is still much to learn about how the organisation as a whole undergoes sensemaking and whether values are processed at the individual or group level.

This paper will explore how human beings in organisations enact sustainability values. In particular, the paper will use the people, planet, profit aspects of sustainability values, operationalized as corporate social responsibility (CSR) values, to determine the level at which the sensemaking occurs. To do this, the authors firstly develop a questionnaire that

asks participants to rate the extent to which each CSR value is discussed at each level of the organisation: individual, team, organisation. Secondly, the questionnaire is validated by examining it alongside the well-known and commonly used Ethical Climate Questionnaire (ECQ). The ECQ is Victor and Cullen's (1987, 1988) classical conceptualization of organizational ethical climate, as being a reflection of an organisation's internal attitudes and behaviours toward ethics.

The final questionnaire was tested firstly on a general population sample, and then on a population drawn from the financial industry in Australia. The broad objective being to build and provide evidence for a multilevel approach to creating sustainability outcomes through values and develop sustainability as a manifestation of collective human behaviour driven by the psychology of individuals and groups.

3.2 What is Sustainability when it is Operationalized as CSR?

The ideas represented by CSR overlap with other concepts such as business ethics, corporate governance, corporate citizenship, and of course, as we are doing here, sustainability (Herzig & Moon, 2011). Dahlsrud's (2008) analysis of 37 different CSR definitions demonstrated that they ultimately cover five broad dimensions: environmental, social, economic, stakeholder and voluntariness. Of these, the first three are the most commonly used outcome measures, referred to as the triple bottom line (TBL) (Elkington, 1997). The triple bottom line is a way of connecting commonly used measures of business outcomes e.g. finances, with other things that are also important to business such as people and environment. The current study uses the TBL and broaches the previously mentioned definitional issues in this area of science by adopting Aguinis' (2011:85) definition of CSR as "[c]ontext specific organisational actions and policies that take into account stakeholders' expectations and the triple bottom line of economic, social and environmental performance."

Just as definitions of CSR may vary, CSR literature is often fragmented depending on the disciplinary perspectives that are used to approach the topic. Aguinis and Glavas (2012) conducted a review of 588 journal articles and 102 books on CSR which found that CSR is strongly prevalent in the areas of business ethics and management while being virtually absent from Industrial-Organisational (I-O) psychology journals, where you would expect a deeper discussion of aspects like sensemaking around values. Weick himself was psychologist and there is an opportunity to apply principles of human behaviour in understanding institutional issues.

One of the key reasons for this gap appears to be that the literature is dominated by a focus on the institutional (33%) or organisational level (57%) without there being many studies looking at the individual level (4%) or multiple levels at once (5%) (Aguinis & Glavas, 2012), which is arguably more suited to the area of psychological science. Studies that do examine the individual level show the existence of a relationship between CSR and employee outcomes but do not go so far as to explain the nature of these relationships or connections to cognitive or psychosocial processes through empirical testing (Glavas, 2016).

Consequently, CSR literature tends to observe external pressures, particularly environmental and social influences, while lacking any understanding of the role of intrapsyche or social aspects of employees, despite their significance being acknowledged by organisations as a crucial part of the CSR process (Raubenheimer & Rasmussen, 2013). For example, Raubenheimer & Rasmussen's (2013) research on financial institutions across Australia and New Zealand suggest that specific employee focused CSR activities developed together with HR management activities are far more effective in becoming imbedded in an organisation's business as usual. Hence, a closer examination of such internal drivers within organisations, particularly in relation to human behavioural processes would assist in

formulating interventions that encourage effective CSR behaviour and better achieve CSR outcomes.

3.3 Evidence that Values for Sustainability needs a Multilevel Approach

Bansal (2003) suggests there are two key conditions that are required for organisational action to be instigated on environmental issues: An individual concern for the issue and a congruence between the issue and the organisation's values. This is reinforced by general change management theories, which focus on issue flows through an organisation, and the importance of aligning individual values to the organisation's institutionalized values (Sullivan, Sullivan & Buffton, 2001). Therefore, while many studies may observe how organisations meet Bansel's second condition, there is a strong need to adopt a multilevel approach beyond the study of macro, organisational phenomena to develop mechanisms and models that allow organisations to effectively action CSR through behaviour.

Fundamentally, personal values are part of the decision making processes whether individuals realize it or not (Swanson, 1999), so it is important to understand how values influence engagement in CSR at the individual level. Furthermore, a series of studies conducted by Mudrack (2007) identified certain personality factors that affected an individual's normative beliefs about whether CSR should be a business concern. While such categorizations of individual differences are usually applied to studies on CSR leadership (e.g. Prilleltensky, 2000; Groves & LaRocca, 2011; Angus-Leppan, Metcalf & Benn, 2010), the idea that certain individuals seem favourably inclined towards CSR while others reject it implies that corporate decisions about social activities are somewhat destined to encounter objections and resistance from some employees depending on their orientation (Mudrack, 2007).

Much like common frameworks of enculturation, such as Bronfenbrenner's Ecological Systems theory of Human Development (1979), and Weick's (2001) work on

sensemaking it is important to consider a 'team' level that represents the proximal immediate environment for an individual as opposed to the 'organisational' level that is more abstract and therefore more distal.

The team level allows exploration of sensemaking within the small group, as potentially a configurative process whereby culture continues to change through peer to peer interactions and socialization (Mead, 1978). In their research of twenty organisations, Hofstede et al. (1990) found that cultural differences between different organisations existed at the level of practices as perceived by members. For individual employees, their greatest exposure to the organisation often comes through interactions with their immediate team and hence this is likely to impact the way they view the true ethical climate of an organisation.

Therefore, a multilevel approach incorporates the operational elements that would provide greater practical value to managers who need to implement CSR initiatives, while also recognizing Weick's (2001) work on how sensemaking happens in organisations. A multi-level approach recognizes that human psychology is essentially behind the decisions that move a corporation and hence accepts that CSR, and ethical organisational behaviour, is more organic than mechanical, perhaps accounting for the reasons why CSR research may continue to produce contentious or conflicting findings. A multilevel approach which incorporates the micro, intrapsyche level of analysis recognizes that values and ethics (Huhtala & Feldt, 2016) are highly personal, as well as socially constructed.

3.4 Organisational Espoused Values, Sensemaking and Ethical Climate

Organisational values shape the climate of an organisation which is often described through a wide variety of terms including: patterns of beliefs, shared meanings, values, symbols, rituals, and even myths that evolve over time (Hofstetter & Hapaz, 2015). These descriptions clearly indicate that climate is something we share, and that it is also highly

dynamic, as such requires constant reinterpretation by those within the organisation, in other words, sensemaking.

Sensemaking in terms of ethical climate would describe how human beings create a consistent set of understandings of what we value, in the face of the kinds of difficult decisions that ethical decisions tend to be. Faced with ambiguity, uncertainty and complexity around the ethical issue, people would then be selecting information, and sensemaking with a focus on interpretation reinforced by action rather than linear decision-making processes, with their focus on rational evaluation and choice (Weick, Sutcliffe & Obstfeld, 2005).

The stimulus for sensemaking is perceived contradictions or chaos, something extremely common to ethical dilemmas, when the normal flow of action is disturbed by: 'discrepancies, surprise, the unexpected, the dissonant' (Weick, 2001, p. 10). When faced with these conditions, human beings look for an explanation to continue what they were doing before the disturbance happened, these avenues for understanding include institutional pressures, organisational norms and values etc. (Weick et al., 2005). If action cannot be resumed, and there is dissonance, the process of interpretation is prompted and the new data or circumstances is allocated meaning (Daft and Weick, 1984). What follows is a changed behaviour, i.e. learning (Daft and Weick, 1984, p. 286). Feedback from learning then provides new data for reinterpretation. Weick (2001) argues that organisations are a wealth of opportunities for sensemaking, largely because organisational work is assumed to involve rationally based choice and evaluation. Yet, the reality is usually very ambiguous. The fact that CSR is only loosely coupled to the finance system (Lee, 2008) makes for obvious conditions of ambiguity. As such, sensemaking was highlighted by Angus-Leppan, Metcalf and Benn (2010) as particularly relevant to CSR and sustainability.

Research has examined climate, in terms of a normatively 'good' values based organisation, primarily through the concepts of ethical climate and ethical culture. Ethical

climate is a separate construct to ethical culture (Kaptein, 2008) and refers to the normative systems or perceptions of the organisation's shared practices or procedures (Schneider, 1975; 1983) rather than the aspects that stimulate ethical conduct (Treviño & Weaver, 2003). Of the two constructs, ethical climate has been the more extensively researched, particularly following on from the work of Victor and Cullen (1988) who define it as "the shared perceptions of what is ethically correct behaviour and how ethical issues should be handled" (Victor & Cullen, 1987, p 52). In this study, ethical climate is more useful than Kaptein's (2008) ethical culture measure, as Kaptein's measure looks at the general strength of doing what is right, or 'quality' of an assumed ethical culture the definition of which is regarded unnecessary. In contrast, Victor and Cullen's (1997) measure attempts to determine different aspects of what is valued in an organisation, distinguishing between different types of morality e.g. rules versus people, and determining the strengths of each. In this way, Victor and Cullen's (1997) measure describes what may be the implicit social norms of a particular setting (Schneider, 1983) and hence better reflects the notion of CSR as people, planet, profit.

Compared to CSR, the literature on values has focused far more on the individual level, with researchers commonly citing the work of Rokeach (1968; 1973) or Schwartz (1995) which is based on Rokeach, who attempted to define the condition and meaning of values, as well as to measure them. This may be due to a focus on interpersonal ethics and individual responsibility in Western culture. In contrast, environmental values may reflect the anthropological notion of culture as social mechanism for survival in the wild (Matsumoto & Juang, 2012), as reflected by the cross cultural work on environmental values of multiple researchers (de Groot & Steg, 2007; Schultz et. al., 2005; Schultz & Zelezny, 1999).

When investigating the relationship between personal values and organisational phenomena, Connor and Becker (1994) suggest that values in the workplace context are better categorized as a type of attitude rather than values since it focuses on a very specific

subject matter. However, Agle and Caldwell (1999) state that individual workplace values represents a level of analysis that interacts with the values at all other levels including the organisational level. Past examples of its applications are studies which investigated the impact of an individual's values and ethical decision making (Glover, Bumpus, Logan, & Ciesla, 1997), in-house performance (Cohen & Liu, 2011), or the alignment between individual values to organisational values (Sullivan et al., 2001; Huhtala & Feldt, 2016) and individual leader values to organisational missions (Egri & Herman, 2000).

Strong mission or values statements, often created by leaders that are aligned to CSR concepts have been shown to be key predictors of CSR behaviour (Bansal, 2003; Marcus & Anderson, 2006). Research has demonstrated that values led organisations may enjoy many overall benefits such as higher rates of revenue growth, stronger profit and lower turnover (Dearlove & Coomber, 1999). However, even without a comprehensive understanding of such evidence, values are considered a natural ingredient of running organisations even in the public sector (Kernaghan, 2003). Therefore, value statements have often been placed under the scientific microscope to determine how they should be structured and where they should be located to be most effective (e.g. Wenstop & Myrmel, 2006; Osborne, 1991).

There is, of course, a difference between declared values and the actual values that people live by (Hofstetter & Harpaz, 2015). Espoused organisational values represent the endeavors at a higher institutional level and must funnel down to the lower levels for there to be any real successful implementation (Sullivan et al., 2001), they are usually created by leaders, often without any reference to staff, and written more as an exercise in public relations. As previously discussed, antecedents to CSR organisational outcomes include related internal organisation values (Mudrack, 2007), congruence between individual values with organisational values (Bansal, 2003) and individual concern with the related issues

(Bansal 2003; Bansal & Roth 2000; Mudrack, 2007), along with sensemaking (Angus-Leppan, Metcalf & Benn, 2010).

Hence, espoused values are only able to produce positive outcomes when supported by the culture of the organisation. Organisations that engage in CSR without management commitment engage in “decoupled CSR activities” which are disconnected from normal and ongoing activities seen as part of a firm’s core business (Weaver, Treviño, & Cochran, 1999). Organic organisational values are much more effective than mechanistic organisational values that are simply prescribed through bureaucratic process (Jin & Drozdenko, 2010) and there are potential discrepancies between the messages that are communicated top-down from managers to the actual behaviours and perceived cultural norms of the organisation’s members (Raz & Fadlon, 2006). Thus, it is conceivable that the internal climate of an organisation ultimately determines the transition between the espoused value statements and the CSR outcomes they intend to achieve. However, reflecting the CSR research discussed above, it is not yet known just where those ethical behaviours and values sensemaking in manifest in the levels of the organisation and hence where interventions may be best placed.

3.5 The Ethical Climate Questionnaire (ECQ)

The current study uses the ECQ (Victor & Cullen, 1987, 1988) to assess different types of ethical climates, and hence types of moral decision making, in an organisation. The original questionnaire has been expanded with additional items (Cullen, Victor, & Bronson, 1993) and has become one of the most widely used instruments for identifying the most dominant or prevailing type of ethical climates in organisations (Peterson, 2002) including within not-for-profit organisations (Agarwal & Malloy, 1999), knowledge management practices (Tseng & Fan, 2011) and also studies of CSR (e.g. Powell, Davies, & Norton, 2013). The ECQ is particularly relevant to the approach taken in the current study because it also recognizes multiple organisational levels, individual, local and cosmopolitan (referred to

as ‘Locus of Analysis’). It combines this with three types of ‘Ethical Criteria’ identified as egoism, benevolence and principle to form nine theoretical ethical climates displayed in Table 1.

Table 1. Victor and Cullen's (1987, 1988) Hypothesized Ethical Climates.

Ethical Criteria	Locus of Analysis		
	Individual	Local	Cosmopolitan
Egoism	Self-interest	Company Profit	Efficiency
Benevolence	Friendship	Team Interest	Social Responsibility
Principle	Personal Morality	Rules, Standard Operating procedures	Laws, Professional Codes

The dimensions of the ECQ were based on Kohlberg's (1981) theory of moral development which in turn was based on Piaget's stages of cognitive development. Table 1 displays Victor and Cullen's (1987, 1988) original hypothesis that there were nine distinct categories of ethical climates through the cross-combination of two dimensions. Firstly, the Locus of Analysis dimension uses theory to take into account the levels of an organisation by separating the sources of an individual's ethical beliefs; the self (individual), the organisations standards and policies (local) or from an external influence such as a professional association or government legislation (cosmopolitan). Secondly, the Ethical Criteria dimension reflects broad applications of ethical theory and are also categorized into three types; maximizing self-interest (egoism), maximizing the interests of many others (benevolence), and adhering to universal standards or beliefs (principled), these specifically reflecting Kohlberg's theory.

The items of the ECQ were designed to target each of the nine ethical climates and has been widely utilised across industries. However, the instrument has proved problematic with studies producing mixed results, and none finding all nine of the hypothesized dimensions in a single research paper. Perhaps the study that demonstrated the most potential in finding the complete model, Cullen et al. (1993) administered the questionnaire to three groups on 1167 employees across 12 different organisations and was able to identify seven of

the nine ethical climates, leaving two unaccounted for. Even out of those seven, certain climates such as friendship and team interest converged to load onto the same factors suggesting difficulties in differentiation. In contrast, Vaicys, Barnett and Brown (1996) administered the survey to 207 members of the American Marketing Association and were able to identify just six factors, once again with some climate dimensions converging as one. Thus, while comparisons between studies show some clear similarities that are consistent with the theoretical dimensions of the ECQ, there are also discrepancies that illustrate the tricky nature of classifying and measuring ethical climate in this way.

Webber (2007) suggests a solution to this might be modification to the questionnaire taking into greater account the context of each organisation, and perhaps replacing the locus of analysis with a point of reference from the organisation's perspective, perhaps by mathematically modelling individual responses in to the individual's designated team results, i.e. using multi-level modelling statistics. However, Peterson (2002), in contrast to most other researchers, used confirmatory factor analysis instead of the exploratory method to test the models proposed by the most prominent studies to show that while the models presented provided a reasonable to moderate fit, there was stronger evidence to support maintaining the assumptions of the originally theorized nine climates, along with the existing theorized locus of analysis. Therefore, most researchers have remained with the original theoretical perspective, and as such the current researchers shall do so as well. Meta-analysis has also shown that all nine climates have empirically manifested at some stage in different studies and the original five, identified by Victor and Cullen in their original work, are identified most frequently (Martin & Cullen, 2006), supporting this approach.

These results demonstrate that a self-report measure, despite its shortcomings, is certainly capable of distinguishing differences in ethical behaviour between the levels of the organisation, while also justifying careful analysis. They also demonstrate that at least certain

elements of the ECQ are closely related to specific behaviours in the workplace such as unethical behaviour (Peterson, 2002) and can identify some distinguishing characteristics of industries (Shacklock, Manning & Hort, 2011). The current study approaches the ECQ with a conservative approach as a result of this review, firstly assuming the existence of the broader nine theoretical categories to consider whether organisational values and their applications are related to the different locus of analysis as well as the different types of ethical criteria. Given the divergence of findings in past studies, the prudent approach of then using an exploratory factor analysis to examine the questionnaire is conducted.

3.6 A CSR Values Filtration Model

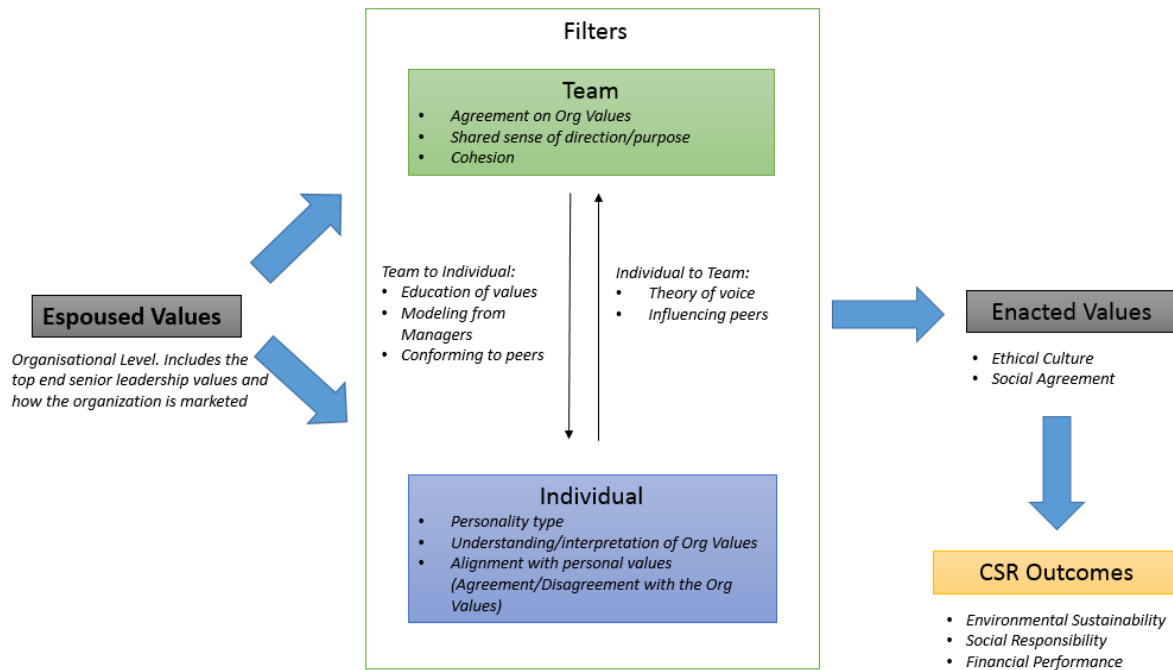
The current study proposes a CSR values filtration model (Figure 1) describing how espoused values that are generated at the organisational level largely by leaders are then filtered with sensemaking through the micro levels of ‘team’ and ‘individual’, to produce those values that are then actually enacted and then lead to CSR and other organisational outcomes. By breaking down the analysis into different levels, the model proposes a theoretical path that is influenced by various elements that exist in the literature and discussed earlier in this literature review.

In this model, reflecting common practice, directives about ethics such as espoused values are created at the organisational level, where leaders create and endorse value statements for the organisation. These statements tend to represent how the organisation would like to be viewed both internally and externally, including in relation to ethical or ‘good’ behaviour. However, these espoused values are then filtered with sensemaking through the organisation and expressed in individual and team behaviours within the organisation. As indicated in the literature discussed above, how this behaviour is expressed then depends upon various elements that relate to these two levels of ‘individual’ and ‘team’, such as personality type, personal understanding/interpretation of the values and whether

their own personal values align with the organisation's values. In this model 'team' refers to the immediate group within the organisation that individuals directly engage and interact with, including direct supervisors or managers. This then means, as stated in the literature review above, the team also filters espoused values by such things as its collective view of the organisation's values as well as the team's level of cohesion and shared sense of direction, all organized through sensemaking.

Since individuals work within the team, it is logically expected that both levels also have profound influences over each other. Although there is yet no discussion of how teams assist in creating CSR, we can logically assert that a configurative process would shape individuals by factors such as the education of values, modelling from managers and the natural peer-to-peer learning that occurs when values must be interpreted into action. The individual in turn would have an influence on the team by their personal communication and charisma towards peers both informally or formally as in the form of employee 'voice' (Hirschman, 1970; Benson, 2000). Enacted values are then demonstrated by the team and individuals in the form of ethical climate based on implicit social agreements (Greenwald & Benaji, 1995). This would then be what ultimately determines the CSR behaviour of the organisation and the triple bottom line.

Figure 1. CSR Values Filtration Model



3.7 The Current Study: The Australian Finance Sector

The Australian finance sector was selected as the subject for the current research for a number of reasons. Firstly, the motivations for CSR in the finance sector are not necessarily as obvious as for many other sectors that directly pollute the environment through direct emissions. Rather, CSR in finance can be driven by a range of motives that can be strategic, altruistic or greenwashing (Wu & Chen, 2013), likely to increase the level of ambiguity and require more sensemaking. Secondly, the relatively poor CSR performance across such a large sector is expected to give representation to organisations both high and low on CSR measures without there being any ceiling/floor effects. Furthermore, the GFC has placed a greater focus on the ethical orientation of financial institutions and aspects, such as product responsibility, that have only recently started to enter financial CSR reporting (Weber, 2011). Finally, financial organisations are showing improvements in their internal processes related to environmental and social management (Herzig & Moon, 2011) and this provides an

opportunity to observe what elements may internally generate CSR behaviour in an organisation.

Traditionally, CSR has not been emphasized in the Australian finance sector with the same sense of urgency aimed towards more direct environmental impact sectors such as industrial and mining (Weber, Diaz, & Schwegler, 2014). The finance sector is generally perceived as being relatively non-polluting (Schmidheiny & Zorraquin, 1996) and its impact on sustainable development is through indirect means such as the investment activities and the financing of projects (Scholtens, 2009). Only the insurance part of the finance industry can be said to face direct risks due to weather events caused by climate change or losses resulting from a lack of environmental risks policies that then fail to successfully mitigate environmental damage (Mills, 2005). As a result, not only has the Australian financial sector been slow to respond to ecological sustainability (Coulson & Dixon, 1995), and has been shown to demonstrate significantly weaker performance regarding other general CSR measures much like other service sectors (i.e. health care, telecommunications) (Weber, Diaz & Schwegler 2014) in addition, the same sector has demonstrated a disconnect to social expectations of ethical behaviour resulting in the Global Financial Crisis and the numerous banking scandals around the world.

The current study aims to develop a questionnaire that tests the discussions or salience of espoused organisational values in the Australian finance sector at multiple levels, for simplification purposes this will be called the Applied Organisational Values questionnaire (AOV). The AOV is designed to measure an employee's perception of how their organisation's values are communicated, understood and enacted within their organisation. At least initially it will consist of items which are generated based on the literature to target three levels of the organisation: individual, team and organisational. However, despite there also being three levels in Victor and Cullen's (1987, 1988) ethical climate model, their third level:

‘cosmopolitan’ extends beyond the organisation to the level of society so the organisation itself is only represented by two levels. Likewise, since our model also presents a higher organisational level, it may be that our model is also best suited to two levels. Factor analysis will be used to determine what fits best. It may be that just as ‘cosmopolitan’ is a highly abstract level, organisation may also be too abstract for sensemaking, as the individual does not directly engage with it. Hence, it is hypothesized that the AOV will reveal three levels: Individual, Team and Organisational. Specifically, it is hypothesized:

H1. Factor analysis will reveal the salience of organisational values at three levels, Individual, Team and Organisational.

H2. The ECQ will demonstrate a factor structure with ethical climates based on the Individual, Team and Organisational levels.

H3. AOV and ECQ subscales will correlate positively.

H3. AOV subscales will be positive predictors of the TBL outcome measures

H4. ECQ subscales will be positive predictors of the TBL outcome measures

3.8 Method: Pilot Study

The procedures used over the course of this study were approved by the Macquarie University Ethics Committee. A pilot study was conducted to ensure that the newly developed items were sound and reliable. The pilot study also included the revised Ethical Climate Questionnaire (ECQ) (Cullen, Victor & Bronson, 1993) to determine the relationship between the AOV and a pre-existing measure of organisational culture.

3.8.1 Participants

Participants were 125 first year psychology students (101 Female) who received course credit for their involvement. Participants were recruited through SONA, the online participant pool of psychology students at Macquarie University. The age of participants ranged from 18 years to 41 years with the mean age being 20.3 years. Participation was

restricted to those who were currently employed by an organisation, to ensure they had organisations they could refer to in their survey responses.

3.8.2 Instruments and Procedures

The items of both the AOV and the ECQ were all uploaded onto an online survey system called Qualtrics. This allowed participants to complete a single questionnaire online. A brief description of the study was placed on SONA for students in the participant pool to view and select. Students who chose to participate in the study were sent an invitation link which directed them to the Qualtrics survey. No names or other identifiers were collected together with questionnaire responses to safeguard anonymity and confidentiality. Additional demographic information collected at the start of the survey were age and gender. The names of their current organisations and their length of employment were also asked to ensure participants had organisations they could refer to when responding to questions.

The first part of the survey was the AOV which initially comprised of 20 items which targeted the different individual, team and organisational levels of each organisation. Hence, items were formulated as statements beginning with variations of “I personally...”, “My team/colleagues...”, or “My company...”. The AOV responses were to be given against the 6 point rating scale ranging from ‘completely false’ to ‘completely true’ following the methodology used for the ECQ to allow for comparability.

The second part of the survey was the most recent version of the ECQ (Cullen, Victor & Bronson, 1993) what had an additional 10 items to its original conception for a total of 36 items. Each item focused on each of the theorized ethical climates and included items such as, ‘In this company, people look out for each other’s good’ and ‘People in this company have a strong sense of responsibility to the outside community’. It required responses to statements on a 6 point rating scale that ranges from ‘completely false’ to ‘completely true’. The instrument ultimately places participants in the role of observers who report on how they

see the organisation to be rather than evaluate its performance or what it aspires to be. It has good internal consistency averaging $\alpha = .78$ across the 7 factors that were originally found by Victor and Cullen (1993).

The survey concluded with three items which were CSR outcome measures. These items were based on the factors of the triple bottom line and were statements about the organisation's financial responsibility, social responsibility and environmental sustainability. Participants were to respond to whether their organisation is achieving each the three factors on a 5 point scale ranging from 'Strongly Disagree' to 'Strongly Agree'. Although this is considered a subjective measure of performance, there is evidence of convergent, discriminant and construct validity between perceptual and objective measures of organisational performance (Wall et al., 2004). Mason, Chang and Griffin (2005) refer to the use of employee self-reports to measure organizational outcomes as quasi-linking and strongly support the efficiency and utility of this process.

In this pilot study, exploratory factor analysis was used to identify the subscales that would be used in the financial sector study and to ensure that the scales were reliable.

3.9 Results: Pilot Study

3.9.1 Exploratory Factor Analysis

A principle axis factor (PAF) analysis was conducted on the 20 items of the AOV with oblique rotation using SPSS 22. PAF analysis was specifically selected to uncover the structure of the underlying set of variables and oblique rotation was selected to produce factors that are correlated and allow error between factors. Examination of the inter-correlations between items showed that two items (1_4 and 3_3) consistently had correlations below 0.3 with communalities also below 0.3, and were removed from the analysis (Field, 2009). There were no other item correlations that caused concerns of multicollinearity or singularity.

The initial factor analysis suggested that there were 3 factors in the data based on the criteria of eigenvalues above one. Factor 1 had an eigenvalue of 8.563, Factor 2 had an eigenvalue of 1.424 and Factor 3 had an eigenvalue of 1.109. Velicer's minimum average partial (MAP) test was used to check whether this was actually the most appropriate number of factors. The MAP tests is a validated statistical procedure for determining the number of factors to be used in correlation matrices (O'Connor, 2000). This test revealed that the data was in fact best represented by 2 factors rather than 3. The PAF analysis was repeated with two factors and two items (3_5 & 3_6) that did not load onto either factor were removed from further analysis. Overall, 4 items were removed from the AOV as listed on Table 2 and the remaining items are listed in Table 3.

Table 2. Removed items from the AOV

Item	Question
1_4	I personally find my company's organisational values to be complicated
3_3	My company's list of values is very long
3_5	People see my company a certain way because of the values we hold.
3_6	My company's values fit with current main stream social values.

The Kaiser-Meyer-Olkin (KMO) measure of sampling adequacy was used to assess the appropriateness of factor analysis, the minimum value recommended by Kaiser (1974) being 0.5. The KMO for this data with the 16 items was .902 which allows us to be strongly confident that the sample size is adequate for factor analysis ('superior' range according to Hutcheson & Sofroniou, 1999). Barlett's test of sphericity ($\chi^2(120) = 1075.27, p < .001$) indicated that correlations between items were sufficiently large for the PAF analysis. The inspection of eigenvalues and scree plot showed that the two factor model was statistically a more appropriate solution with 51.27% of the variance being explained.

Close investigation of the items in each factor showed they likely represented the 'Individual' and 'Team' level and not the 'Organisational' level. Items that had targeted the organisational level were fundamentally subjective perceptions of organisational values and

were appropriate to be considered at the individual level. The reliability of both the Individual Factor (Chronbach $\alpha = .85$) and Team factor (Chronbach $\alpha = .89$) were in the ‘good’ range as shown in table 3. Table 3 also displays the composite reliability scores and the Average Variance Extracted which further support the reliability for both factors. While the pattern matrix (Table 3) and structure matrix (Table 4) were very similar in how they allocated items to factors, the loadings from the pattern matrix were used to disassociate each of the factors with each other as well as the natural interpretation of the items producing a more coherent factor.

Table 3. AOV Pattern Matrix

Items	Factor loadings	
	Individual	Team
3_1 My company’s organisational values are easy to understand.	1.044	-.223
3_2 The company has a simple set of values.	.879	-.201
1_2 I personally have a clear understanding of what my company’s organisational values are.	.580	.205
1_3 I personally agree with my company’s values.	.546	.200
1_1 I personally am well aware of my company’s stated organisational values.	.469	.335
3_4* My company’s organisational values are vague in meaning.	.427	-.223
2_5 In my team, all the employees are on board with the organisational values.	-.016	.770
2_4 In my team, decisions are made based on our organisational values.	-.048	.759
2_1 My team tends to talk about our values a lot.	-.204	.733
2_7 My colleagues in my team would all be able to state our organisational values.	.067	.723
2_8 My team’s manager refers to the organisation’s values when discussing work.	-.024	.720
2_3* In my team, organisational values are never mentioned.	.026	.544
2_6 My colleagues in my team at work would all agree on what our organisational values are.	.255	.536
2_9 My team’s manager conducts work in a manner that is aligned to my company’s organisational values.	.315	.476
3_7 People see my company a certain way because of the values we hold.	.274	.454
2_2 My company’s organisational values and how they relate to my team have been explained to me.	.390	.416
Eigenvalues	1.424	7.681
% of variance	6.19%	45.08%

Chronbach's α	.895	.853
Average Variance Extracted	.483	.394
Composite Reliability	.834	.861

*Reverse scored items.

Extraction Method: Principal Axis Factoring

Rotation Method: Promax with Kaiser Normalisation

Table 4. AOV Structure Matrix

Items	Factor loadings	
	Individual	Team
Q2_7	.769	.572
Q2_5	.759	.522
Q2_4	.726	.483
Q2_6	.714	.629
Q2_8	.703	.479
Q2_9	.696	.648
Q2_2	.689	.681
Q3_7	.645	.591
Q2_1	.591	.308
Q2_3R	.563	.407
Q3_1	.506	.888
Q3_2	.412	.738
Q1_2	.610	.723
Q1_1	.663	.703
Q1_3	.582	.686
Q3_4R	.420	.512

Extraction Method: Principal Axis Factoring

Rotation Method: Promax with Kaiser Normalisation

The same PAF analysis was undertaken for the ECQ. Although all the items demonstrated communalities much higher than 0.3, the data did not follow the theoretical model. As was the case with many previous studies, the scale as a whole was not stable and a total of 16 items were removed as they did no load onto any factors (Table 5). The MAP test determined that just three factors would best represent the remaining data and items that did not load onto any of these factors were removed.

The KMO for this data with the remaining 20 items was .849 which is sufficient for us to be confident that the sample size is adequate for factor analysis. Barlett's test of sphericity ($\chi^2(190) = 1165.39, p < .001$) indicated that correlations between items were sufficiently large enough to proceed with the PAF analysis. The analysis resulted in 3

meaningful factors that explained 52.68% of the variance. The reliability for all the factors were good with Chronbach's α ranging from $\alpha = .736$ to $\alpha = .898$ as shown in Table 6. Table 6 also displays the composite reliability scores and the Average Variance Extracted which further support the reliability for all three factors

Table 5. Removed Items for ECQ

Item	Question
4_2	The major responsibility for people in this company is to consider efficiency first
4_4	People are expected to do anything to further the company's interests
4_5	In this company, people look out for each other's good
4_6	There is no room for one's own personal morals or ethics in this company
4_7	It is very important to follow strictly the company's rules and procedures here
4_8	Work is considered sub-standard only when it hurts the company's interests
4_10	In this company, people protect their own interests above other considerations
4_11	The most important consideration in this company is each person's sense of right and wrong
4_18	Successful people in this company go by the book
4_19	The most efficient way is always the right way, in the company
4_23	Successful people in this company strictly obey the company policies
4_27	People in this company view team spirit as important
4_29	Decisions here are primarily viewed in terms of contributions to profit
4_33	People in this company are very concerned about what is best for themselves
4_34	The effect of decisions on the customer and the public are a primary concern in this company
4_36	Efficient solutions to problems are always sought here

Close inspection of the items loaded into each factor in the pattern matrix showed that the first factor was comprised of items which fit the broad ethical criteria or the 'Benevolence' dimension from the original theory (Cullen, Victor & Bronson, 1993). It represented a culture that placed the greatest concern on people, whether they are internal or external to the organisation, and was given the label, 'Employees and Others'. The second factor was largely represented by a climate driven by set regulations or principles at both the local and cosmopolitan levels. The items were related to laws, ethical codes, professional standards, and were given the label, 'Rules and Procedures'. The final factor was loaded with items which specifically targeted principles at the individual level and was labelled, 'Personal Morality and Ethics'.

Table 6. ECQ Pattern Matrix

Items	Factor loadings		
	Employees and Others	Rules and Procedures	Personal Morality and Ethics
4_31 People are very concerned about what is generally best for employees in the company	.832	-.070	.089
4_1* In this company, people are mostly out for themselves	.782	-.066	.027
4_35 It is expected that each individual is cared for when making decisions here	.790	-.137	-.357
4_28 People in this company have a strong sense of responsibility to the outside community	.766	-.074	.047
4_16 In this company, our major concern is always what is best for the other person	.702	.163	-.088
4_32 What is best for each individual is a primary concern in this organization	.695	-.112	.210
4_12 The most important concern is the good of all the people in the company	.663	.042	.114
4_30 People in this company are actively concerned about the customer's and the public's interest	.615	.178	-.013
4_21 Our major consideration is what is best for everyone in this company	.581	.044	.322
4_17 People are concerned with the company's interests	.510	.071	-.106
4_14 People are expected to comply with the law and professional standards over and above other considerations	-.134	.858	.122
4_15 Everyone is expected to stick by company rules and procedures.	.036	.772	-.158
4_13 The first consideration is whether a decision violates any law	-.121	.697	.108
4_25 In this company, each person is expected, above all, to work efficiently	-.144	.676	.033
4_26 It is expected that you will always do what is right for the customer and the public	.172	.602	-.030
4_24 In this company, the law or ethical code of their profession is the major consideration	.244	.577	-.065

4_20	In this company, people are expected to strictly follow legal or professional standards	.305	.518	-.068
4_9	Each person in this company decides for himself what is right and wrong	-.154	.086	.760
4_22	In this company, people are guided by their own personal ethics	.154	.033	.737
4_3	In this company, people are expected to follow their own personal moral beliefs	.093	-.093	.599
Eigenvalues		6.591	2.387	1.559
% of variance		32.95%	11.93%	7.79%
Chronbach's α		.898	.872	.736
Average Variance Extracted		.491	.463	.493
Composite Reliability		.904	.879	.743

*Reverse scored items.

Extraction Method: Principal Axis Factoring

Rotation Method: Promax with Kaiser Normalisation

Table 7. ECQ Structure Matrix

Items	Factor loadings		
	Employees and Others	Rules and Procedures	Personal Morality and Ethics
4_31	.818	.304	.253
4_16	.758	.482	.045
4_35	.757	.287	.180
4_28	.741	.271	.198
4_12	.704	.339	.243
4_30	.693	.457	.103
4_32	.685	.198	.348
4_21	.664	.300	.435
4_1R	.658	.227	-.200
4_17	.522	.304	-.008
4_14	.278	.795	.078
4_15	.355	.792	-.167
4_24	.492	.688	-.029
4_26	.438	.681	-.009
4_20	.526	.657	-.019
4_13	.215	.640	.070
4_25	.168	.610	-.009
4_22	.312	.087	.767
4_9	.033	.001	.728
4_3	.168	-.063	.619

Extraction Method: Principal Axis Factoring

Rotation Method: Promax with Kaiser Normalisation

3.9.2 AOV and ECQ Descriptive Statistics and Correlations

The overall scores of the AOV and ECQ were calculated to determine if there was a significant relationship between the two scales. A moderately strong correlation was significant ($r = .581$ $p < .001$) between the two scales suggesting that the two converge to a certain extent while remaining distinctly separate variables.

The results of the factor analysis produced 2 subscales for the AOV and 3 subscales for the ECQ. These five subscales were further analyzed to determine whether they were strong predictors of the outcome variables. Reliability analysis showed that the three outcome variable items were not suitable to combine as a single scale and the analysis was done individually.

The summary statistics for the AOV, ECQ and the outcome measures are outlined in Table 8 along with the correlations between them. The subscales of the AOV were seen to significantly correlate with all of the ECQ. The correlations between .3 and .5 are generally considered to represent a medium effect while correlations above .5 are considered to represent a large effect size (Cohen, 1992). Financial Sustainability was the only outcome measure to have nonsignificant correlations with the other variables and only correlated with the individual level from the AOV.

Table 8. Correlations between AOV and ECQ Subscales and Outcome Variables

	AOV		ECQ			Outcome Variables		
	Individual	Team	Employees & Others	Rules and Procedures	Personal Morality & Ethics	Social Responsibility	Environmental Responsibility	Financial Sustainability
Individual	1	.71**	.55**	.44**	.29**	.53**	.37**	.25**
Team	.71**	1	.59**	.38**	.46**	.51**	.41**	.16
Employees and Others	.55**	.59**	1	.48**	.46**	.49**	.44**	.07
Rules and Procedures	.44**	.38**	.48**	1	.24**	.34**	.32**	.17
Personal Morality & Ethics	.29**	.46**	.46**	.24**	1	.30**	.24**	.45
Social Responsibility	.53**	.51**	.49**	.34**	.30**	1	.56**	.36**
Environmental Responsibility	.37**	.41**	.44**	.24**	.24**	.56**	1	.29**
Financial Sustainability	.25**	.16	.07	.36**	.45	.36**	.29**	1
N	123	125	125	125	125	125	125	124
Mean	4.75	4.32	4.42	5.04	4.12	5.04	4.57	5.25
Standard Deviation	.79	.89	.87	.81	.70	.85	1.27	.79

Note: ** $p < .01$, * $p < .05$

3.10 Method: Finance Industry

3.10.1 Participants

Participants were 142 professionals who were currently employed in the financial industry (57 Female). Volunteers were initially recruited online through contacts made via email, Facebook or LinkedIn and were offered the chance to win a \$100 gift card. However, there was a low online response rate and the majority of participants were recruited by actual visitations of a wide range of financial institutions including banks, insurance companies and finance companies. Surveys were distributed at branches through networks and were collected at a later time. Over a period of approximately 2 months, a good representation of the financial sector was achieved with employees from each of the three main types of financial institutions as defined by the Reserve Bank of Australia (RBA) (Table 9). On a scale ranging from 0% to 100% participants on average indicated they were 78.8% confident they could recall their organisation's values.

Table 9. Participants representing Financial Industry

Gender		Count	Percentage	
Male		85	59.9%	
Female		57	40.1%	
Total		142	100%	
Type of Financial Institution		Count	Percentage	
1.	Authorised Deposit Taking Institution (ADI) (ie. Banks, Building Societies, Credit Unions)	62	43.7%	
2.	Non-ADI Financial Institutions (ie. Money Market Corporations, Finance Companies and Securities)	56	39.4%	
3.	Insurers and Fund Managers (ie. Insurance Companies, Superannuation, Trust and Friendly Societies)	24	16.9%	
Total		142	100%	
		N	M	SD
Number of Years with the Origination		137	5.90	6.57

3.10.2 Instruments and Procedures

The AOV and ECQ were once again administered in the form of an online survey using Qualtrics. Some participants completed a pen and paper version of the survey and their responses were added later manually. An additional question was added since the pilot regarding the type of financial institution that the individual worked in to ensure that participants qualified as being within the target population.

Using the factors produced by the exploratory factor analysis in the pilot study, a confirmatory factor analysis (CFA) was conducted for the financial industry data using SPSS AMOS version 22.0. CFA is a powerful statistical tool that explicitly tests a priori hypotheses about relations between factors and is widely used for refining measurement instruments (Jackson, Gillaspay, & Purc-Stephenson, 2009). For both the AOV and the ECQ, cases with missing values were removed during only the CFA to allow AMOS to generate Modification Indices that would help adjust the model for a better fit. This still left a sufficiently large sample size for the analysis of both questionnaires (AOV N = 122, ECQ N = 120) and did not produce significantly different results to the full data when analysed. The final model was later fitted to the full data. To address the issue of common method bias (Podsakoff, MacKenzie, Jeong-Yeon, & Podsakoff, 2003) we included a common latent factor to capture the common variance among all observed variables in the model using AMOS. There were no large differences in the regression weights so the common latent factor was not retained for either models.

The remaining statistical analysis including descriptive and regression analysis was conducted using SPSS 22. The regression analysis was used to test whether the subscales within the two questionnaires were strong predictors of the outcome measures representing CSR.

3.11 Results: Finance Industry

3.11.1 Confirmatory Factor Analysis (CFA)

The initial analysis of the AOV demonstrated that the factor model found in the pilot data was not a good fit within the financial data with a significant χ^2 value. Closer investigation of the modification indices showed that the removal of two items significantly improved the model along with the covariance of some error terms within each of the subscales. The removed items were also shown to be the items with the weakest factor loadings on each of the subscales during the PCF analysis (Table 10).

Table 10. Further removed items from the AOV

Item	Question
3_4*	My company's organisational values are vague in meaning.
2_2	My company's organisational values and how they relate to my team have been explained to me.

*Reverse scored items.

Table 11. Remaining Items AOV

Individual	
3_1	My company's organisational values are easy to understand.
3_2	The company has a simple set of values.
1_2	I personally have a clear understanding of what my company's organisational values are.
1_3	I personally agree with my company's values.
1_1	I personally am well aware of my company's stated organisational values.
Team	
2_5	In my team, all the employees are on board with the organisational values.
2_4	In my team, decisions are made based on our organisational values.
2_1	My team tends to talk about our values a lot.
2_7	My colleagues in my team would all be able to state our organisational values.
2_8	My team's manager refers to the organisation's values when discussing work.
2_3*	In my team, organisational values are never mentioned.
2_6	My colleagues in my team work at work would all agree on what our organisational values are.
2_9	My team's manager conducts work in a manner that is aligned to my company's organisational values.
3_7	People see my company a certain way because of the values we hold.

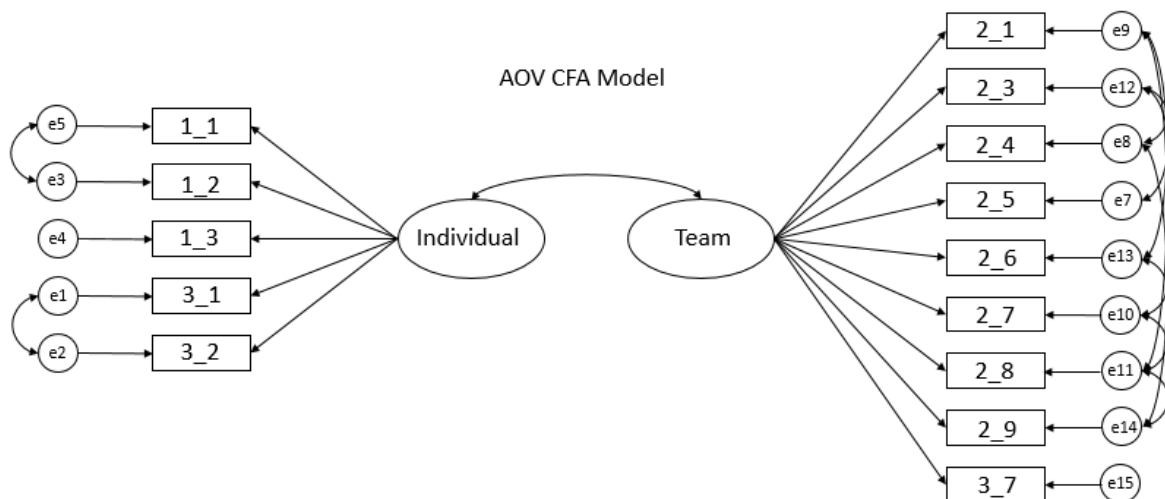
The final model for the AOV (Figure 2), with 14 items listed in Table 11, was a good fit to the financial data even with all the whole data set including missing data ($\chi^2 = 86.005$

(66), $p = .05$). The CFI was above .95 at .985 and RMSEA was below .05 at .046, which both meet the commonly used cut-off criteria for structural equation modelling set by Hu and Bentler (1999).

Table 12. CFA Model Statistics

Model	N	χ^2	df	Probability level	CFI	RMSEA
AOV no missing values	122	83.052	66	.076	.985	.046
AOV full data	142	86.005	66	0.50	.985	.046
ECQ no missing values	120	94.284	70	.028	.971	.054
ECQ full data	120	125.118	70	<.05	.939	.075

Figure 2. Final CFA Model for the AOV



The ECQ model was also shown to be a poor fit in its initial form with a highly significant χ^2 value. It was relatively difficult when making adjustments for the ECQ because of the larger number of items and three were eventually removed from each of the two larger subscales based on different trials that were conducted using Modification Indices (Table 13). The removal of these items also gave better balance to the size of the three subscales and the stringent application of statistical principles allowed us to be more confident in the conclusions drawn from all further analysis.

The final model for the ECQ (Figure 3) also settled with 14 items (Table 14) and was a good fit ($\chi^2 = 95.284$ (70), $p = .028$) to the finance sector data and was acceptable with a CFI of .97 and RMSEA of .054 without missing values.

Table 13. Further removed items from the ECQ

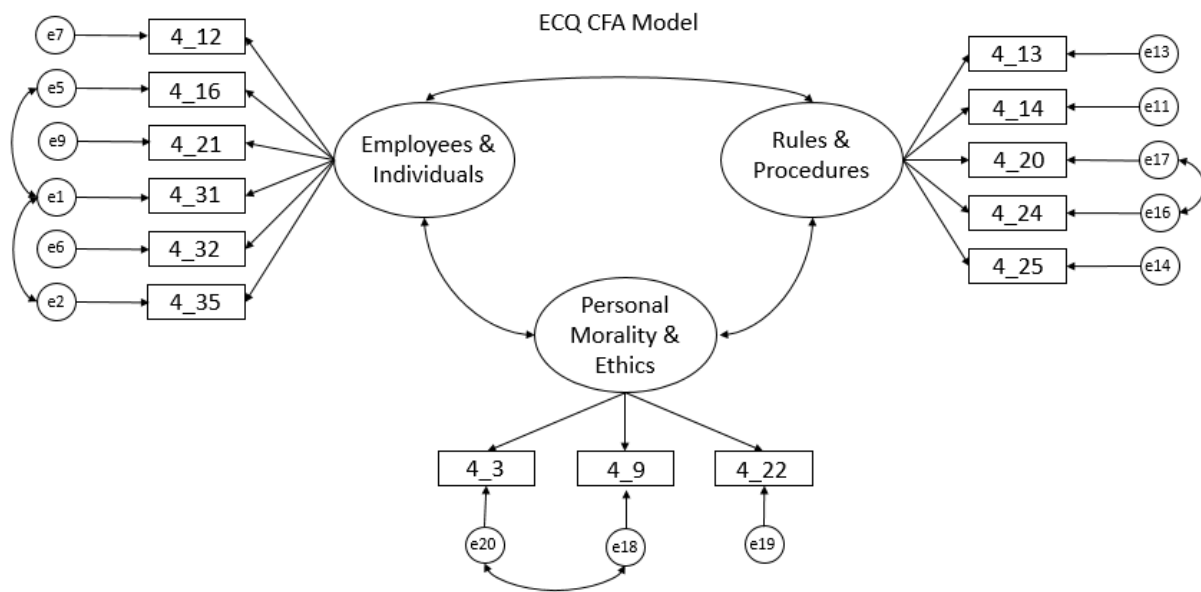
Item	Question
4_1*	In this company, people are mostly out for themselves
4_28	People in this company have a strong sense of responsibility to the outside community
4_30	People in this company are actively concerned about the customer's and the public's interest
4_17	People are concerned with the company's interests
4_15	Everyone is expected to stick by company rules and procedures.
4_26	It is expected that you will always do what is right for the customer and the public

*Reverse scored items.

Table 14. Remaining Items ECQ

Employees and Others	
4_31	People are very concerned about what is generally best for employees in the company
4_35	It is expected that each individual is cared for when making decisions here
4_16	In this company, our major concern is always what is best for the other person
4_32	What is best for each individual is a primary concern in this organization
4_12	The most important concern is the good of all the people in the company
4_21	Our major consideration is what is best for everyone in this company
Rules and Procedures	
4_14	People are expected to comply with the law and professional standards over and above other considerations
4_13	The first consideration is whether a decision violates any law
4_25	In this company, each person is expected, above all, to work efficiently
4_24	In this company, the law or ethical code of their profession is the major consideration
4_20	In this company, people are expected to strictly follow legal or professional standards
Personal Morals and Ethics	
4_9	Each person in this company decides for himself what is right and wrong
4_22	In this company, people are guided by their own personal ethics
4_3	In this company, people are expected to follow their own personal moral beliefs

Figure 3. Final CFA model for the ECQ



3.11.2 Descriptive Statistics and Correlations

Close investigation of the financial data using the modified subscales showed that the scales tended to have a negative skew and sometimes violated normality assumptions with skewness ranging from -0.040 to -1.654. Therefore, the bootstrapping technique was used for further analysis with 5000 bootstrap samples to ensure that conclusions may be drawn from the results with confidence.

There was once again a moderate correlation between the total scores of the AOV and ECQ ($r = .578, p < .001$) suggesting that the organisational values are significantly related to ethical climate, although they remain separate constructs.

Correlations between the AOV, ECQ and the outcome measures are outlined in Table 15. The subscales of the AOV were seen to correlate with two of the ECQ subscales but not between the 'individual' level and 'Personal Morality and Ethics'. Personal Morality and Ethics also did not correlate with Financial Sustainability. This may be an indication of there being a separation between an individual's understanding of organisation's values and their

own as well as the financial interests of the organisation not being a prominent factor in personal morals and ethics.

There were no significant gender differences when it came to the ECQ or the outcome variables. On average female participants provided higher ratings for both the Individual level ($M = 5.14$, $SE = .08$) and Team levels ($M = 4.68$, $SE = .08$) of the AOV than did male participants (Individual: $M = 4.83$, $SE = .10$, Team: $M = 4.24$, $SE = .10$). The difference for the Individual was significant $t(137) = -2.207$, $p < .05$ with a small effect size of $r = .19$ and the difference for Team was significant $t(137) = -3.170$, $p < .005$, also with a weak effect size of $.26$.

Table 15. Correlations between AOV and ECQ Subscales and Outcome Variables

	AOV		ECQ			Outcome Variables		
	Individual	Team	Employees & Others	Rules and Procedures	Personal Morality & Ethics	Social Responsibility	Environmental Responsibility	Financial Sustainability
Individual	1	.78**	.40**	.45**	.17	.58**	.46**	.55**
Team	.78**	1	.58**	.48**	.24**	.57**	.47**	.51**
Employees and Others	.40**	.58**	1	.52**	.53**	.52**	.47**	.43**
Rules and Procedures	.45**	.48**	.52**	1	.19*	.49**	.41**	.47**
Personal Morality & Ethics	.17	.24**	.53**	.19*	1	.17*	.23**	.08
Social Responsibility	.58**	.57**	.52**	.49**	.17*	1	.77**	.74**
Environmental Responsibility	.46**	.47**	.47**	.41**	.23**	.77**	1	.65**
Financial Sustainability	.55**	.51**	.43**	.47**	.08	.74**	.65**	1
N	142	142	139	139	139	137	137	137
Mean	5.0	4.4	4.2	4.9	3.7	5.0	4.7	5.2
Standard Deviation	.82	.83	.98	.81	1.05	.99	1.03	.994

Note: ** $p < .01$, * $p < .05$

3.11.3 Regression Analysis

Regression Analysis was conducted to see if either the AOV or ECQ were predictors of CSR. Once again, the 5000 bootstrap samples were applied to each of the analyses. The AOV model was a significant predictor of Social Responsibility ($F(2,133)=37.15$, $p<.001$), Environmental Responsibility ($F(2,133)=20.28$, $p<.001$) and Financial Sustainability ($F(2,133)=30.09$, $p<.001$). Both the Individual and Team levels make varying significant contributions to predicting each of the outcome measures as summarised in Table 16.

Table 16. AOV Regression

		R^2	B	SE B	β
AOV and Social Responsibility		.358**			
	Constant		1.263	.562	
	Individual		.535	.146	.445**
	Team		.255	.163	.126
AOV and Environmental Responsibility		.234**			
	Constant		1.547	.517	
	Individual		.375	.129	.301*
	Team		.300	.143	.222*
AOV and Financial Sustainability		.301**			
	Constant		1.759	.668	
	Individual		.602	.156	.497**
	Team		.107	.174	.082

Note: ** $p<.001$, * $p<.05$

The ECQ model was a significant predictor of Social Responsibility ($F(3,129)=22.02$, $p<.001$), Environmental Responsibility ($F(3,129)=13.796$, $p<.001$) and Financial Sustainability ($F(3,129)=16.754$, $p<.001$). Each of the ethical climates contributed significantly to at least one of the outcome predictors as summarized in Table 17.

Table 17. ECQ regression

		R ²	B	SE B	β
ECQ and Social Responsibility		.339**			
	Constant		1.844	.608	
	Employees and Others		.415	.096	.412**
	Rules and Procedures		.358	.132	.291*
	Personal Morality and Ethics		-.094	.086	-.099
ECQ and Environmental Responsibility		.243**			
	Constant		2.026	.587	
	Employees and Others		.380	.112	.374*
	Rules and Procedures		.247	.127	.199
	Personal Morality and Ethics		-.037	.102	-.039
ECQ and Financial Sustainability		.280**			
	Constant		2.405	.633	
	Employees and Others		.351	.106	.346*
	Rules and Procedures		.388	.131	.314*
	Personal Morality and Ethics		-.161	.074	-.169*

Note: **p<.001, *p<.05

3.12 Discussion

The purpose of the current study was to use a multilevel approach to CSR in order to determine where the sensemaking for sustainability as CSR occurs, and to build a model of how CSR behaviour is translated through organisational levels and relates to CSR outcomes, a large gap in both the CSR and ethical organisational culture and climate research. Past research demonstrated that strong mission or values statements that are aligned to CSR concepts have been shown to be key predictors of CSR behaviour (Bansal, 2003; Marcus & Anderson, 2006). However, how these build CSR behaviour within the organisation was not understood, and so the AOV was designed to determine which levels of the organisation demonstrated the strongest connection to sensemaking for particular people, planet, and profit values.

Firstly, unlike what was hypothesised in H1, factor analysis of the AOV showed that organisational values are communicated and sensemaking occurs at two levels within an organisation, the individual and team levels. Despite the questions initially being framed to reflect three levels (individual, team and organisational), items asking about the organisational level were absorbed by the other levels in statistical analysis, becoming non-significant. This was somewhat expected due to the predicted abstract nature of the 'organisation' level for sensemaking. In essence, it is likely that the 'organisation' level is simply too abstract to be engaged with for sensemaking purposes, it does not serve any aspect of moral decision making (i.e. how do you discuss what to do with an organisation).

This was also the case for the ECQ which did not produce factors based on the three levels as was hypothesised in H2. The factor analysis substantially reduced the number of items in the ECQ to three factors that categorized different ethical climates in the organisations. Although, these were not representative of the nine forms of ethical climates originally theorized by Victor and Cullen (1987, 1988), or of the three initially hypothesized levels of the organisation, they formed distinct subscales that represented varying focal points of ethical criteria, perhaps also indicating where sensemaking was occurring for these concepts. These were: firstly the extent to which the organisation is concerned about employees and other individuals; secondly the extent to which the organisation expects compliance towards set rules and procedures; and thirdly the extent to which the organisation expects each individual to make their own moral and ethical judgements. These appear to represent contrasting humanistic, legalistic and individualistic ethical issues that are then enacted through sensemaking at different levels of an organisation.

As hypothesized in H3, each of the modified AVO's levels significantly correlated to the modified ECQ showing that a positive relationship exists between the theorized model of organisational sustainability values sensemaking and ethical climate as measured by the

ECQ. Organisational values processed at each of the two levels (individual and team) correlated with most of the ethical cultures, supporting our proposed model and suggesting that organisational values shape the ethical climate of an organisation. Only items under the ECQ's 'Personal Morality and Ethics' factor such as, "Each person in this company decides for himself what is right or wrong", did not correlate with organisational values at the individual level. This is likely to indicate that an organisation taking an individualistic approach based on personal moral and ethical judgements, allows for random deviations from organisational espoused values and so correlation is unlikely. Therefore the very purpose of having unified espoused values may be undermined by an ethical climate that is characterized by encouraging only individual values and ethical sensemaking.

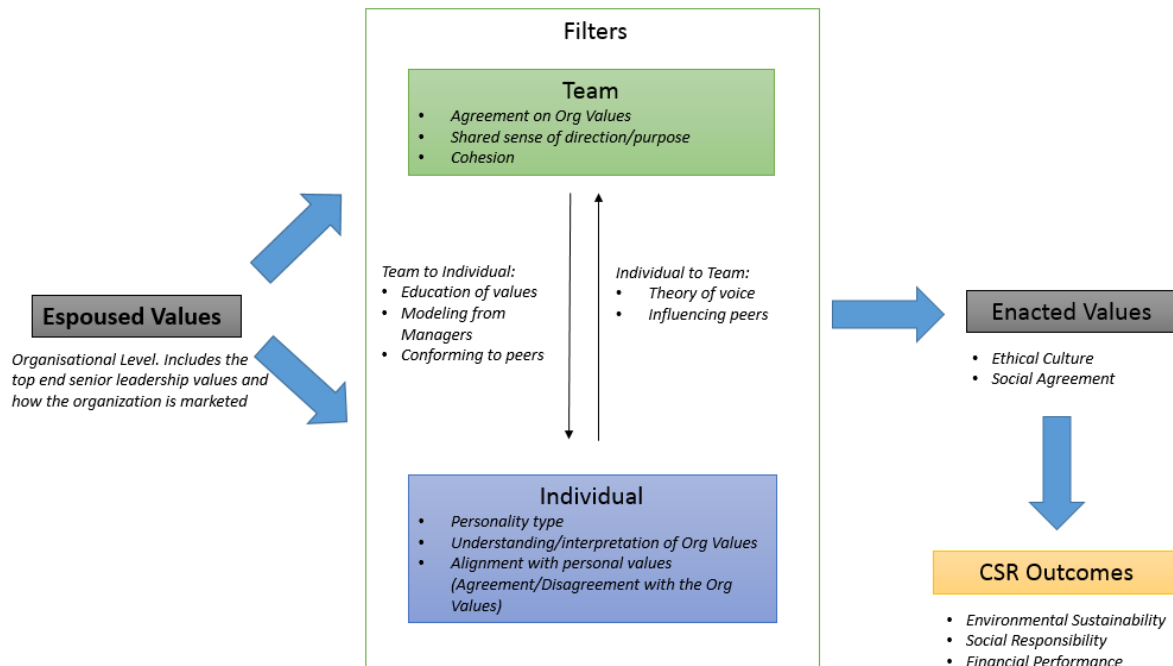
Most importantly, this study hypothesized in H 3 and H4 that each of the subscales would be strong predictors of organisational CSR outcomes. Certainly, the AOV did turn out to be a good predictor of all three CSR outcomes with each of the levels contributing different strengths. The individual level was significant when predicting all types of CSR sensemaking: Social Responsibility, Environmental Responsibility and Financial Responsibility, while the Team level was significant in predicting Environmental Responsibility only, and became nonsignificant for the individual level after the pilot.

In essence then, Environmental Responsibility appears to be an unusual kind of organisational CSR value, in that it is entirely driven by what happens in the team. Why this is so needs further exploration, however it may be related to the way human beings have traditionally interacted with and understood our environment, i.e. human culture in the way that anthropologists think of it. It is thought that human beings developed 'culture' as a means of passing on learning about our environment and how to survive within it (Matsumoto & Juang, 2012), as when part of the tribe experienced a bad reaction to a food, for instance, it was more evolutionarily efficient to pass on the knowledge not to eat it, rather

than not to, hence developing culture. Thus, due to the complexity of environment, human beings may naturally process it through the level of team, rather than individual. However, this might also be indicating that Environmental Responsibility requires some form of social sanction that the team then provides given the possible futility of individual effort to make drastic improvements to the environment. As sustainability has already been recognized as a complex problem, this seems likely, in essence human beings appear designed to process more complex sensemaking issues through a social 'frame'.

The ECQ also demonstrated that the ethical climate of an organisation is a good predictor of CSR outcomes with each of the climates contributing to different outcomes. Personal Morality and Ethics was the weakest predictor with a negative relationship to Financial Stability. Once again, this is perhaps not surprising as a climate emphasizing each individual's own take on morality and ethics would be unhelpful in ensuring that espoused values of a large group are then enacted by those individuals. An ethical climate built on Rules and Procedures was, however, predictive of Social Responsibility and Financial Sustainability but not of Environmental Responsibility. This may add weight to the notion that sensemaking about Environmental Responsibility is a social activity related to human culture building, since it would be new and not yet embedded in existing ethical climate, however as stated above this needs further research to confirm the theory.

Figure 1. CSR Values Filtration Model



3.12.1 From Sensemaking about Espoused Values to CSR Outcomes

The results of the current study support the CSR Values Filtration model (Figure 1) by demonstrating how multi-level sensemaking about espoused values results in CSR outcomes, as represented by the TBL. Firstly, we learn that any difference between declared values and actual values (Hofstetter & Harpaz, 2015) may be accounted for by how people sensemake about them. The individual and team levels of an organisation are the levels in which organisational values must be salient for the values to transform from their prescribed mechanistic state to the more effective organic state (Jin & Drozdenko, 2010). These operational levels are where the actual interpretation and application of espoused organisational values takes place and is clearly separate from the overall organisational level which is the distal location from where espoused values are initially prescribed.

Secondly, enacted values require an ethical climate that does not depend on individual judgements on ethics and morality but is formed through an interaction and understanding formed with others in the organisation, namely the team. Allowing multiple independent

ethical judgements merely undermines the unified thinking, and efficient organisation, that espoused values attempt to inspire. As it appears that a unified alternative such as the humanistic or legalistic approach would be more effective in reaching any outcomes. While further investigation may be needed, this may somewhat account for why values led organisations appear so successful (Dearlove & Coomber, 1999).

Thirdly, the usefulness of targeting sectors like the financial sector that are historically disconnected from valuing the environment, while they transform to valuing it, is demonstrated here. Our findings show the sector literally ‘growing’ towards valuing the environment through connection to team level. This may indicate a kind of social agreement around environmental values and what to ‘do’ as a human being, or may be a wider finding of how human beings generally translate or sensemake about how to interact successfully with the environment, and hence build human culture. As this finding was also demonstrated in the broader pilot data, with the addition of a connection to the individual level, there is some evidence for a wider social phenomena of human sensemaking about environment. The environment may be viewed as common property that naturally requires the input of others and therefore is achieved through the interaction between the team and the individual.

Finally, organisational values appear to be a significant influencer of the core business practices of the financial sector and how they achieve CSR outcomes. These values are not only driving financial performance as traditionally expected but are encompassing all elements of the TBL as CSR outcomes. This demonstrates, since the financial sector is an indirect contributor to environmental issues, that CSR can be driven by managerial practice and internal processes without the existence of direct pressures on environmental performance such as emissions or pollution. Educating, modelling and conforming as in the CSR values filtration model can influence the team to generate the enactment of values needed to drive sustainable behaviour.

3.12.2 Limitations

A difficulty in the current study was the lack of multilevel CSR research that separates the team level from the organisation. Often studies examine the individual and their relationship to the organisation without consideration of the team just as the ECQ appears to consider the organisational and team levels as a single dimension. The current study inversely puts a heavier focus on the individual and team levels while the organisational level is left as an abstract level that is not clearly observable or conceptualized. This is somewhat unavoidable as an organisation by nature represents a collective and any use of self-report measures will only be able to draw out perceptions of the organisational level rather than represent any direct engagement. Consequently, a limitation of this study is that single items have been used to represent each of the TBL dimensions and a different measure of outcomes may provide additional insight.

A further limitation was the industry that we chose. Although, this offered some benefits, the same characteristics that made the finance sector suitable subject for the research prevents us from readily drawing generalizable conclusions across all major industries. What is culturally representative of financial institutions may be very different to not-for-profit organisations given the hierarchical nature of financial institutions (Angus-Leppan, Metcalf & Benn, 2010) or may be less representative of mining or other industries that have a more direct impact on the environment.

3.12.3 Directions for Future Research

The current study attempted to introduce a new approach to CSR and it would be important to replicate the finding using different industries and settings. Repeating the methodology would further validate the scales that were used, which increases their potential as diagnostic tools for CSR behaviour within organisations. The finance sector was specifically selected for its largely indirect relationship to CSR outcomes and future studies

may apply similar methodology across other industries that have a more direct impact on the communities in which they operate. There would be different implications of values and ethical climates in organisations that have direct impacts on the environmental impacts or on people's health. The environmental dimension is particularly interesting given the results indicated that this is best actioned at the team level and this requires further investigation to understand why this is the case.

Future studies would also need to investigate the organisational levels in greater depth with both qualitative and quantitative data that tracks the entire flow of value statements leading to CSR outcomes. While we have used a quasi-linking approach to collect data in the current study, further studies collecting data for within-team and within-organisation multilevel analysis rather than individual employee perceptions would help uncover any organisational subunit differences to better define the characteristics of a "team level" as opposed to an "organisational level" when it comes to CSR values and ethical climates. This may be done through methods such as longitudinal intervention studies that introduce values into an organisation to instigate change.

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Chapter 4: General Discussion and Conclusion

The purpose of this thesis was to critically explore the idea that values drive sustainable behaviour in organisations. The two studies used a grounded theory and then empirical approach to develop a values filtration model. This was done by utilising a variety of methods and techniques including: qualitative content analysis, quantitative data analysis, questionnaire development and statistical modelling. The results of the studies suggest that organisational values demonstrate influence on an organisation's sustainability performance across all the dimensions of the TBL.

Study one began by examining companies from each major industry group in Australia, to demonstrate that organisations that are reputable for their sustainability performance enjoy financial performance outcomes that are different relative to their matched competitors. The study was able to replicate the methodology of Metcalf and Benn (2009) in demonstrating the stability produced by ethical investment criteria and suggests that ethical investors may offer a competitive advantage to sustainable organisations, through values driven investments, particularly in difficult economic times. Furthermore, while no specific sustainability values were identified, the sustainable organisations espoused relatively succinct value statements that followed a simple structure and was easier to follow. The study concludes that changing the content of value statements does not offer as much practical worth as ensuring they reflect social norms that are implicitly applied within the organisation.

If study one was an examination of the overarching financial system to find contrasts between organisational groups, study two was within this an examination of the internal organisational systems that examine the internal processes within organisations. Study two used a multilevel approach and proposed a model in which espoused values are filtered through the organisation to ultimately achieve sustainability outcomes. The study demonstrated that the organisational level was too abstract to engage sensemaking and the

development of the questionnaire (the AOV) showed that sensemaking rather takes place at the individual and team levels. This tool also demonstrates practical value as it will allow a particular level to be targeted in order to achieve different sustainability objectives.

Furthermore, the ethical climate of an organisation was found to be a good predictor of sustainability outcomes and may represent the implicit application of sustainability practices.

The study concludes that sensemaking through a multilevel approach may account for discrepancies between declared and enacted organisational values and that this should be the subject of further studies. This finding may be manipulated at the managerial, organisational level to induce sustainable organisational behaviour by targeting a particular level of the organisation and by actively shaping a unified ethical culture.

4.1 Competitive Advantage of Sustainable Organisations

One of the most theoretically significant findings of this thesis is the possible agreement between stakeholder theory and the RBV (Resource Based View) when it comes to ethical investment. Despite traditionally being competing theories, particularly in their application to CSR and financial performance (Adamska et al., 2016), ‘ethical’ stakeholder behaviour and ‘ethical’ organisational reputation appear to have a complementary relationship. Ethical stakeholders exhibit values driven investment practices that influence organisational practices, while an ethical reputation in turn attracts a stable base of ethical investors. This unique situation produces a type of competitive advantage in a social environment where ethical investors account for a significant share of the market. This would naturally begin to grow as sustainability continues to develop as a social expectation and draws a picture for the macro competitive environment.

4.2 Values Drive Implicit Sustainability

Given that sustainability is evidently a necessity for competitive advantage between organisations, it is then important to understand how this can then be achieved within

organisations. Just as values drive human behaviour, values naturally drive organisational behaviour through both internal and external stakeholders. Stating that profit is the main purpose of an organisation is in itself a declaration of the underlying organisational values which, in turn, dictates the decision making process within the organisation.

This thesis demonstrates that values are a key starting point for achieving sustainability goals, particularly when wanting to encourage Matten and Moon's (2008) implicit form of sustainability. Organisations that are committed to becoming sustainable must therefore be sensitive to the social climate and mirror sustainability values before implementing strategies and programs that represent explicit forms of sustainable behaviour. This may begin by acknowledging that information is filtered through the human cognitive processes of individuals and groups within the organisation who are influenced by the ethical culture of the organisation. Developing this implicit form of sustainability would take time as the values flow through the organisation and the key to achieving sustainability lies in the mutual understanding individuals have with their organisation.

4.3 Sensemaking Happens at the Micro levels of the Organisation

An important contribution of this thesis is the introduction of a multilevel approach to sustainability that considers the organisational as a whole, as well as its individual parts. This addresses the overwhelming tendency of sustainability research to take a macro focus (Aguinis & Glavis, 2012) and creates a pathway for exploring micro level processes that produce the enacted behaviour leading to sustainability. Sensemaking allows sustainability to be viewed as an organic process that filters through the lower levels of an organisation. Therefore, the organisational level may merely represent the abstract emblem from which mechanistic values are initially prescribed while the true focus of attention needs to be on the individuals and teams who ultimately determine the successful application of espoused values.

4.4 Further Research

This thesis attempted to use grounded theory to build new ideas on how values generate sustainability, which is then intended to prompt further sustainability values research. Further research should firstly aim to replicate the methodologies and results of this thesis in other populations to further validate the scales that were used. This includes in cultures that are both distinct and similar to the Australian context as well as a variety of industries that face different sustainability challenges to the financial sector. The competitive advantage of sustainable organisations is a topic that needs to be monitored over long periods to be truly understood and realised.

The next logical step from this research is to further understand the sensemaking process to develop interventions that instigate organisational change towards more sustainable behaviours. It may remain difficult to conclusively determine what particular values represent sustainability, at least until sustainability is uniquely and universally defined. However, research can use sustainability outcomes such as the TBL to target different organisational levels to instigate sustainable behaviour. Case studies of interventions that use the findings of this thesis may be the first step to designing sustainable organisations, and can precede longitudinal intervention studies that would then show be able to demonstrate causation.

The use of sensemaking theory also highlights the value of psychological approaches to sustainability research. Organisational psychology can harness the existing literature of cognitive psychology and social psychology to address the gap between having sustainability goals, and actual sustainable behaviour. Psychologists must utilise these tools to assist in the process of shifting values towards achieving a sustainable future.

4.5 Limitations

It is fundamentally difficult to find appropriate methodology to connect abstract concepts such as values and sustainability to measurable outcomes. As Padaki (2000) points out, the ‘soft’ subject of values may not appear to be naturally connected to the ‘hard’ facts of performance. This study confined the measure of sustainability outcomes to the dimensions of the TBL, which may offer a broad view but not a full representation of sustainability and what it encompasses. Other measures may be needed to cover some of the additional dimensions of sustainability such as other stakeholder influences, and voluntariness (Dahlsrud 2008).

The lack of existing consensus on sustainability values or the distinct organisational levels relating to values meant this thesis required the development of grounded theory. However, a limitation of the use of grounded theory is its inability to be generalizable, although the results are transferable and replicable. It does however, allow research to progress to new areas and only further research will reveal whether the proposed theories and models are transferrable across different contexts.

Finally, there are both advantages and disadvantages to the samples that were selected for the studies as discussed in each study and replicating study one with a larger stock exchange may prove beneficial in determine when ethical investors have sufficient mass to demonstrate the stability effect found here.

4.6 Conclusion

In conclusion, this research demonstrated that organisations have much to gain by adopting values that reflect growing social expectations and pressure to be sustainable. It also demonstrated that it is the people in the organisation that understand, evaluate and put those values into practice. Sustainability researchers should place an increased focus on those people in order to address the growing concerns that exist about the future of humanity. Just

as this study attempted to understand the gap between espoused values and enacted values of an organisation, there is a general discrepancy between knowing the crucial importance of sustainability and doing something about it. The discipline of psychology has much to contribute to instigating a fundamental shift in people's values and attitudes to bring about more sustainable behaviour. Ultimately, a sustainable future will be achieved by those who want to achieve it and through organisations who truly value it most.

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Appendix pages 150-152 of this thesis have been removed as they may contain sensitive/confidential content

Appendix B: Study Two Participant Invite and Questionnaire

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This questionnaire is for people who currently work within the financial sector in Australia. Please answer the questions with regards to the organisation in which you are currently working. The following are some generic questions which may assist in the research.

What is your gender?

☐ Male

☐ Female

What category would your organisation fall into?

Approximately how many years have you been with the organisation? (Please type in a number)

0%

100%

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Appendix B: Study Two Participant Invite and Questionnaire

We would like to ask you some questions about the values of your company. Please answer the following items in terms of how you it really is in your company, not how you would prefer it t be. Please be as candid as possible; remember, all your responses will remain strictly anonymous.

Please indicate whether you agree with each of the following statements about your company. Please use the scales below and select the indicator which best represents your answer in the space next to each item.

For you as an individual, to what extent are the following statements are true?

	Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
I am personally aware of my company's stated organisational values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I personally have a clear understanding of what my company's organisational values are	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
I personally agree with my company's values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Would you please list what your company's values are from memory.

How confident are you that the values you have recalled in the above question are accurate?

	0	10	20	30	40	50	60	70	80	90	100
Confidence as a percentage	<input type="range"/>										

0% 100%

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Appendix B: Study Two Participant Invite and Questionnaire

Regarding your team, to what extent are the following statements true?

	Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
My Team tends to talk about values a lot	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My company's organisational values and how they are related to my team have been explained to me	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my team, organisational values are never mentioned	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my team, decisions are made based on our organisational values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In my team, all the employees are on board with the organisational values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My colleagues in my team at work would all agree on what our organisational values are	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My colleagues in my team would all be able to state our organisational values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My team's manager refers to the organisation's values when discussing work	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My team's manager conducts work in a manner that is aligned to my company's organisational values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

0%  100%

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Regarding your organisation, to what extent are the following statements true?

	Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
My company's organisational values are easy to understand	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My company has a simple set of values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My company's organisational values are vague in meaning	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My company's organisational values reflect why we do things in the company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My company's values fit with current main stream social values	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People see my company a certain way because of the values we hold	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Appendix B: Study Two Participant Invite and Questionnaire

To what extent are the following statements true about your company?

	Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
In this company, people are mostly out for themselves	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The major responsibility for people in this company is to consider efficiency first	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In this company, people are expected to follow their own personal and moral beliefs	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People are expected to do anything to further the company's interests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In this company, people look out for each other's good	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
There is no room for one's own personal morals or ethics in this company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is very important to follow strictly the company's rules and procedures here	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Work is considered sub-standard only when it hurts the company's interests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Each person in this company decides for himself what is right and wrong	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In this company, people protect their own interests above other considerations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The most important consideration in this company is each person's sense of right and wrong	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The most important concern is the good of all the people in the company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The first consideration is whether a decision violates any law	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People are expected to comply with the law and professional standards over and above other considerations	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Everyone is expected to stick by company rules and procedures	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In this company, our major concern is always what is best for the other person	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
people are concerned with the company's interests	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Successful people in this company go by the book	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

Appendix B: Study Two Participant Invite and Questionnaire

The most efficient way is always the right way, in this company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In this company, people are expected to strictly follow legal or professional standards	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Our major consideration is what is best for everyone in this company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In this company, people are guided by their own personal ethics	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Successful people in this company strictly obey the company policies	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In this company, the law or ethical code of their profession is the major consideration	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
In this company, each person is expected, above all, to work efficiently	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is expected that you will always do what is right for the customer and the public	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People in this company view team spirit as important	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People in this company have a strong sense of responsibility to the outside community	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Decisions here are primarily viewed in terms of contributions to profit	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People in this company are actively concerned about the customer's, and the public's interest	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People are very concerned about what is generally best for employees in the company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
What is best for each individual is a primary concern in this organisation	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
People in this company are very concerned about what is best for themselves	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
The effect of decisions on the customer and the public are a primary concern in this company	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
It is expected that each individual is cared for when making decisions here	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
Efficient solutions to problems are always sought here	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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Appendix B: Study Two Participant Invite and Questionnaire

To what extent are the following statements true?

	Completely False	Mostly False	Somewhat False	Somewhat True	Mostly True	Completely True
My organisation is socially responsible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organisation is environmentally responsible	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>
My organisation is financially sustainable	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>	<input type="radio"/>

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This section is for participants who wish to enter the draw to win a \$100 Westfield Gift Voucher. The details you provide are strictly confidential and will not be connected to any of your previous responses. The winner is expected to be announced at the end of January 2015.

What is your name?

What is your email address?

What is your contact number?

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