The Effects of Level of Disclosure of Environmental Activities and Stakeholders' Engagement on Achieving BITC Awards: An Empirical Study of UK FTSE 100

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Abstract

Based on the UK FTSE top 100 companies, this paper focuses on one of the awarding bodies (BITC) to investigate whether there is any link between attaining a BITC award and the quality of environmental disclosures. It concludes that BITC awards are given to those companies who have corporate responsibility integrated into their business models and clear corporate responsibilities and incentive structures at board and operations levels. However, when BITC awards linked the quality of disclosure of internal environmental activities, the results showed that there were some differences on the quality of disclosure of internal environmental activities.

Key Words: Environmental activities, BITC awards, disclosure, stakeholders' engagement.

Introduction

Environmental reporting is still an underdeveloped area of accountancy in comparison to financial reporting; however with increasing public and media awareness of environmental issues, there is now a correlated desire for more disclosure on the companies' subsequent environmental policies. Various streams of research have examined environmental accounting in literature. In particular, an extensive body of research has examined environmental disclosure and reporting practices (e.g., Neu, et al., 1998; Cormier *et al*. 2001; Cormier, and Gordon, 2001; O'Donavan, 2002; Al-Tuwaijri et al., 2004; Clarkson, et al., 2006; Turner *et al*. 2006 Sutantoputra, 2009; Isaksson *et al*. 2009). In addition to the above, various independent bodies, including Business in the Community (BITC) and Global Reporting Initiative (GRI) have introduced guidelines in an attempt to establish consistency in the disclosure of environmental information. These guidelines have encouraged the development of reporting and the initiation of targets, which can be used by a multitude of stakeholders, especially that of the British Government.

Some of these bodies (BITC for example) have instigated the presentation of awards and subsequent rankings on reports which recognise and commend companies' actions on their environmental impact. The awarding and ranking of the content of published reports to evaluate the quality of environmental disclosures of companies further highlights the desire to enhance the practice of environmental reporting in everyday business practice. It would generally be assumed that company reports which fully utilise key performance indicators (KPI's) advocated in guidelines issued by such bodies, would achieve the highest accolade upon evaluation. In fact the environmental performance indicators used in the literature often do not tell us much about the company's general attitude towards the environment. We therefore consider environmental awards as a more comprehensive measure of companies' environmental attitude. To the best of our knowledge, this is the first study to use a comprehensive external body of environmental awards and link it to the quality of disclosure on environmental activities. Having documented this, the main objective of this study is to focus on one of the awarding bodies (BITC) to investigate whether there is any link between attaining BITC award and the quality of environmental disclosures. In addition, it will investigate whether there is any link between obtaining a BITC award and disclosure on stakeholder engagement. The paper is structured as follows.

First, Business in the Community is briefly presented. Secondly, research hypotheses were developed. Thirdly, the methodology, data collection and research variables are explained. Fourthly, the analyses of findings are illustrated and finally a conclusion is drawn.

What is Business in the Community (BITC)

Business in the Community (BITC) was established in 1982 and its membership is open to all companies and organisations, regardless of size, location or experience in managing their business in a responsible and sustainable way, as long as they have a presence within the UK (BITC, 2010). BITC issue some guidelines for directors and managers responsible for a company's environmental activities. The Chief Executive of BITC cited in BITC guidelines '*The guide firmly advocates integrating environmental issues into existing and measurement practices in a way that meets core business needs and wider stakeholder expectations' (BITC, 2001, p. 31)*. The guidelines heavily promote stakeholder engagement and illustrate how stakeholder concerns can be interpreted into Key Performance Indicators (KPI's).

In order to get an award, companies have to participate in BITC's Corporate Responsibility (CR) Index. This is the UK's leading voluntary benchmark of Corporate Responsibility. It is a framework which helps companies to integrate and improve CR throughout their operations by providing a systematic approach to managing, measuring and reporting on business impacts in society and on the environment. By participating in the CR Index, companies fill in a self assessed online survey, evaluating their management and impact within the key CR areas of community, environment, marketplace and workplace. Upon completing the online survey the Integration and Advice team at Business in the Community (BITC) checks company submissions for accuracy and materiality. Each submission is scored and ranked into one of five bands (Platinum Plus, Platinum, Gold, Silver and Bronze) according to how well they have performed (BITC, 2010). The study will only focus on Platinum and Platinum Plus awards.

The Platinum Plus rating is a new process evaluating the extent to which the commercial business strategy is underpinned by thinking around long term sustainability. To achieve Platinum Plus, in addition to the self evaluation and subsequent checks by BITC for accuracy and materiality, a three hour meeting is required, where companies have to evidence their performance in informing commercial imperatives with appropriate treatment of the social and environmental issues that underpin the business model. BITC believe this exercise tests the strategy and tactics displayed to deliver tangible business value through CR (BITC, 2010). Platinum ratings are given to companies who have corporate responsibility integrated into their business model and clear corporate responsibilities and incentive structures at board and operational levels. These companies have a planned approach to data collection and impact assessment to demonstrate 3-4 years of performance improvement across all impact areas. They act and report with high level of transparency and stakeholder engagement. Their materiality, completeness and responsiveness of their published data have been third party assured (BITC, 2010).

Research Hypotheses

Hypothesis One: "there is a link between BITC awards and the quality of voluntary disclosure on internal environmental activities."
Hypothesis two: "there is a link between BITC awards and the extent of disclosure on stakeholders' engagement."
Hypothesis three: "there is a link between BITC awards and the industry sector."
Hypothesis four: "there is a link between BITC awards and the report format."
Hypothesis five: "there is a link between BITC awards and the report title."
Hypothesis six: "there is a link between BITC awards and the page count of the report."
Hypothesis seven: "there is a link between BITC awards and carbon intensity."

Research Methodology

This study investigates the link between BITC awards and the quality of voluntary disclosure on internal environmental activities. To test the above hypotheses, the UK FTSE 100 companies are selected for a number of reasons. First, the UK FTSE 100 companies contain a diverse number of sectors including oil and gas, electricity, mining, chemicals, transport, utilities and insurance. Secondly, the UK FTSE 100 companies can be regarded as the most highly capitalised companies listed on the London Stock Exchange. Thirdly, the UK FTSE 100 companies can be considered, at present, the most likely to report on environmental activities (Levy and Newell, 2000; Okereke, 2007; Spada, 2008). Furthermore the majority of the UK FTSE top 100 companies are global players with business concerns that span across various countries around the world.

To examine whether such relationships exist, data had to be collected in order to look for relationships between the BITC awards and the voluntary disclosure variables. The main source was stand-alone corporate responsibility reports. However, annual reports and company websites were used in situations where corporate responsibility reports could not be found. The data collected related to the year 2008. The information collected was qualitative and had to be converted into numerical form to allow comparison. Some of the variables required either a *yes* or *no* answer. To turn these into numerical form, *yes* denoted a one and *no* denoted a zero, as prescribed by Sharp and Howard (1996). In some instances there were a variety of classifications within which a company could be classed. Ordinals were used with a different number relating to a different classification (Fisher, 2010).

Research Variables

Research variables can be classified into three classifications. The first classification for this study was the Platinum and Platinum plus BITC awards. Criteria for achieving Platinum and Platinum Plus has discussed earlier under BITC heading. The argument here is do award winning companies be more likely to devote greater resources (in terms of report format, report title, page count, etc.,) to their reporting? Or vice versa, might those companies which devote greater resources to their reporting be more likely to win an award?

The second classification was the general variables. The *first* general variable considered was the sector of industry that the company was operating in. There were ten sectors identified (see table 1). The *second* general variable was the corporate social responsibility reporting format. The researchers classified this variable into four (see table 1), stand-alone corporate social reports. If this could not be found, then the annual reports were investigated. If no information could be found within the annual reports then the researchers depended on information available on the companies' websites. If there was no information on the website, it was concluded that no corporate responsibility information existed. The *third* general variable considered was the title of the report. There were ten possibilities (see table 1).

The *fourth* general variable considered was the length of the report. There were five classifications **(**see table 1), where annual reports were concerned; only the pages relating to environment was counted. The *fifth* general variable was whether the sector within which the company operated-was carbon intensive. The researchers used the prior research of Spada (2008) to classify the FTSE top companies. Spada (2008) had three levels of intensity; low, medium and high, showing which sectors belonged in each classification.

The third classification was the specific variables.

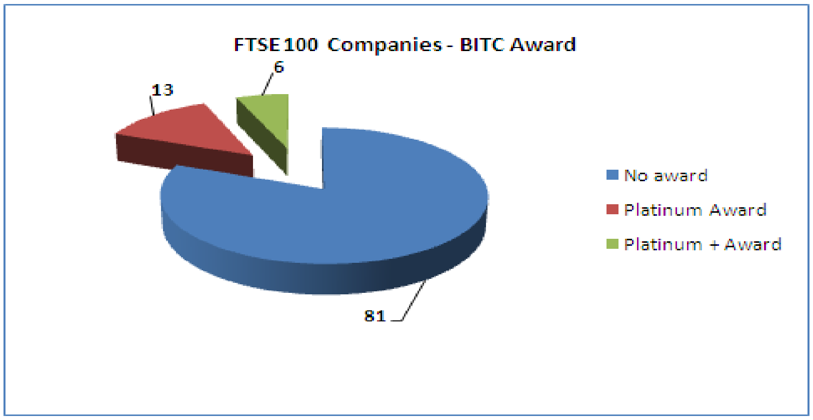
The *first* specific variable was the quality of disclosure on internal environmental activities, focusing primarily on the disclosure of packaging, recycling and waste. In order to score the quality of the disclosures we developed a scale based on the relevant literature (SustainAbility/UNEP 1997, 2002; Deloitte et al., 1997; Hughes et al., 2001). Our scale is aimed at measuring environmental disclosures and the disclosures were then examined, evaluated and a score was recorded for each item. (0) Not disclosed, no discussion of the issue, (1) Minimum coverage, little detail—environmental impact explained in words or in general terms. (2) Environmental impact defined in quantities and (3) Quantitative: the environmental impact was clearly defined in monetary terms.
The *second* specific variable was stakeholder engagement. All the FTSE companies were investigated to check whether there was any evidence of a structured consultation process to gauge stakeholders' view (stakeholders can be customers, suppliers, community, institutional investors, employees, etc.,).

Results of the research variables

BITC Awards

The award selected to measure for the purpose of this sudy is that of BITC. BITC provide a mulititude of awards, but for the purpose of this study, only Platinum and Platinum Plus categories will be analysed. The results showed that 81 FTSE 100 companies did not recieve an award for their environmental reports in 2008 from this particular body (see figure 1). From the 19 FTSE 100 companies that received an accredidation, a total of 13 (see figure 1) were in receipt of a Platinum award. The remaining 6 FTSE 100 companies acheived Platinum Plus awards (see figure 1), advocating that the concept of sustainability was applied into their CSR reporting strategy. The results indicated that FTSE 100 companies in receipt of a BITC Platinum award have corporate responsibility integrated into their business model and clear corporate responsibilities and incentive structures at board and operational levels. A total of thirteen FTSE 100 companies were awarded a BITC Platinum award 2008. The content analysis of their environmental disclosures has produced the following results.

Figure (1) FTSE 100 companies- BITC Awards

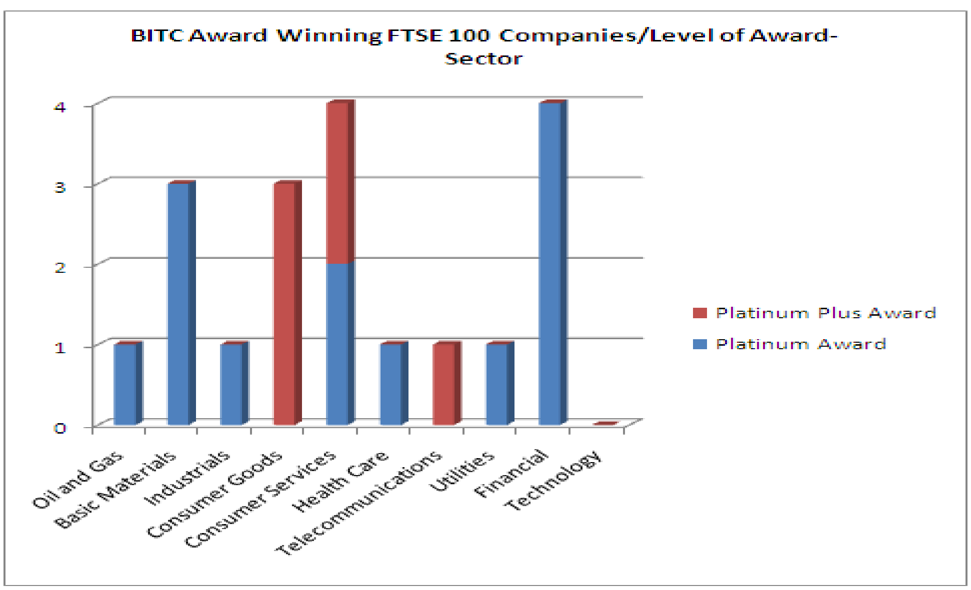


The Platinum Plus award was awarded to six companies of the FTSE 100 companies who incorporated a new process of evaluating the extent to which the commercial business strategy was underpinned by thinking around long term sustainability.

BITC awards and industry sector

One of the general variables was the industry sector. Classification of the UK FTSE top 100 companies in relation to industry sector is shown in table (1). The conclusion can be reached that disclosing on environmental activities is now being implemented to some degree by most companies across all industries. The results showed that the main sectors involved are Financials and Consumer Services as they represent 25% and 17% of constituents respectively (see table 1). When considering that over 80% of the UK capital market is represented by these companies, this reinforces the fact that there is a need for them to reduce their environmental impact in terms of their scale alone.

Figure (2) BITC awards and industry sector



When investigating the link between the industry sector and getting an award from BITC. Figure (2) details which sectors were awarded the Platinum and Platinum Plus awards in 2008. The Financials sector received four Platinum awards but no Platinum plus award (see table 2). This demonstrates that low carbon sectors are producing good reports but may not feel that they need to be committed to the concept of sustainability, due to their low carbon intensity.

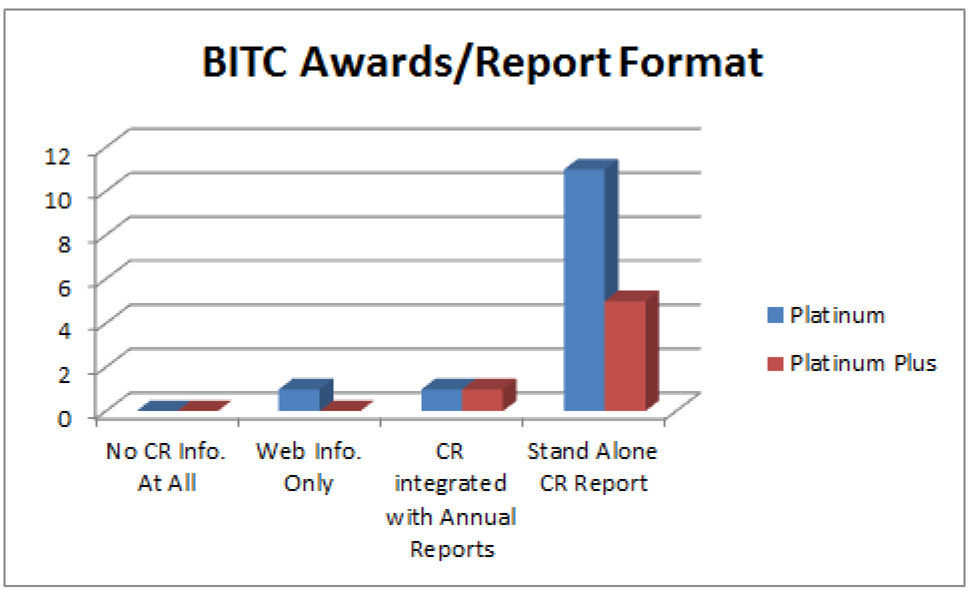
On the other hand, the Basic Materials sectors, which are classified as high carbon producers, won three Platinum awards (see table 2) but also received no Platinum Plus award. This suggests that companies that have the largest environmental impact, are not take their responsibility to the environment seriously, indicating that environmental reporting is only being implemented to a level which companies are just seen to be taking action, but not promoting sustainability.

The sectors which received Platinum Plus awards are that of Consumer Goods, Consumer Services and Telecommunications. These sectors all have daily engagement with millions of customers worldwide which allow them to liaise with consumers freely. This permits them to depict what customers concerns may be in relation to the companies' impacts the environment. This further underpins the idea articulated by Moneva (2007) who mentioned that a weak shareholder orientation, will have a negative effect on a firms performance, thus on shareholder value. This reinforces the view that the implementation of corporate social responsibility is beneficial to a company as a whole; however there is no evidence that this is a valid view. On the other hand, Crane and Matten's (2007) view that consumers are the most important stakeholder in any organisation could also be deemed as conclusive when coincided with the results of the BITC Platinum Plus awards. Nearly half of all thirteen Platinum award winning FTSE 100 companies can be classified as high carbon intense industries, with just over a third being low carbon intense. A clear majority of four FTSE 100 companies are categorised as having high carbon intensity, within the Platinum Plus award winners. The remaining two award winners are classed as low and medium intense. Therefore, hypothesis three is not supported.

BITC awards and report format

One of the disclosure variables was report format. The results should that all the FTSE top 100 companies report on their environmental impact. Most (71%) of the UK FTSE top 100 companies publish separate sustainability reports. Some 26% of the FTSE top 100 reported on environmental/sustainability issues only within their annual report and accounts. 3% of the FTSE top 100 companies have adopted web-only sustainability reports (see table 1).

Figure (3) BITC Awards and report format



When investigating whether there is a link between report format and getting an award, the results showed that Eleven Platinum (see table 2) award winning FTSE 100 companies publish stand-alone reports to promote their environmental disclosures and it can clearly be observed that all the Platinum award winners produce environmental information in some form. Five Platinum Plus award winning FTSE 100 companies produce stand-alone reports (see table 2) to include environmental disclosures, with one company integrating their environmental activities within the annual reports. The majority of companies that obtained Platinum award winning status, provided corporate social responsibility information within a stand-alone format, the residual companies used either a means of integration into their annual reports with one purely disclosing information on their website.

This trend is followed through to the Platinum Plus award winners, of whom five out of six companies utilised a stand-alone report, with only one depicting disclosures within the annual report and accounts. This is consistent with the results of Deegan *et al*. (2006) and Huijstee *et al*. (2007) who confirmed that due to the extensiveness in the development of environmental reporting, leading multi nationals publish reports outwith the annual reports, although still included a summary within them. To coincide with the results of the page count analysis later, it is also apparent that BITC also do not specify that the production of a stand-alone report is a prerequisite of award criteria. Therefore, hypothesis four is not supported.

BITC awards and report title

One of the disclosure variables was the report title. The results showed that the most popular title published is that of Corporate Responsibility Report, with 35% of companies reporting environmental information under this pretext. The next most popular titles are Annual Report and Accounts and Sustainability Report, with 18% and 16% titled respectively. In addition to the above, nine companies created their own unique title such as “How We Do Business” and “Living Corporate Review”. It is clear from the above results that there is no consistency in selecting the title of the corporate social responsibility report. The main titles used in Platinum award winning FTSE 100 company reports is that of ‘Sustainability Report’, with seven out of thirteen companies using this title. The other six companies have used the titles of ‘Corporate Social Responsibility’, ‘Corporate Responsibility’ and ‘Environmental Management’ reports (see figure 4). The title of the report of Platinum Plus award winning FTSE 100 companies varies, with one of each applying the titles of corporate responsibility report, sustainability report, with the annual report and accounts and environmental management report. The remaining two utilise their own specific title for their environmenal disclosures (see figure 4).

Figure (4) BITC awards and report title

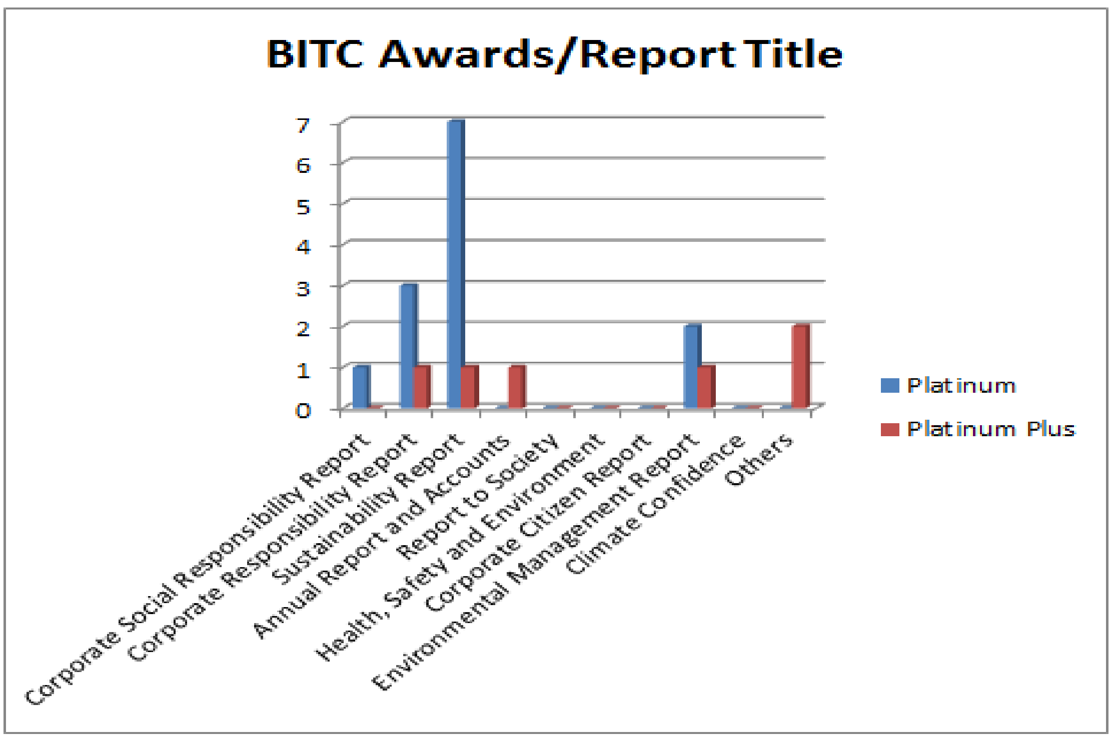


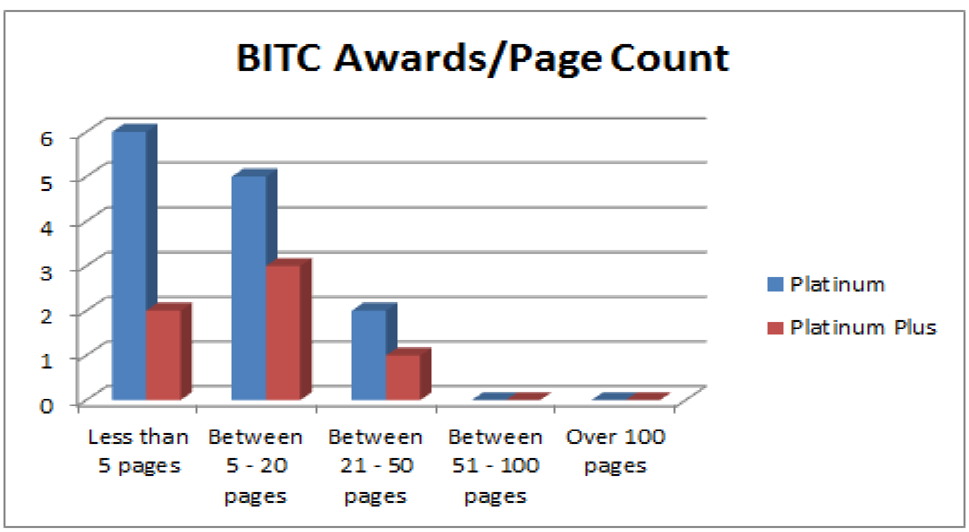
Figure (4) shows that the main titles used in Platinum award winning FTSE 100 company reports is that of ‘Sustainability Report’, with seven out of thirteen companies using this title (see table 2). This contradicts the type of award they have received as a Platinum award, as already established, is achieved by merely incorporating corporate social responsibility into their business models. This implies that companies are using this title for market purposes, rather than meeting the requirements of its definition. The other six companies have used the titles of ‘Corporate Social Responsibility’, ‘Corporate Responsibility’ and ‘Environmental Management’ reports; these titles are consistent with the requirements of this particular award. The reports with titles that umbrella the heading ‘other’, were not honoured with any award, although in figure (4) two companies use their own titles.

These companies have obviously incorporated their sustainability practice effectively and it has in turn been recognised. The title of the report of Platinum Plus award winning FTSE 100 companies varies, with one of each applying the titles of Corporate Responsibility Report, Sustainability Report, with the Annual Report and Accounts and Environmental Management Report. This indicates that the level of reporting within the FTSE 100 is split between that of moving forward onto the next level of dealing with environmental impact, in the sense of sustainability practice, and that of no advancement, with disclosures still only being included within the Annual Reports. Corporate Citizen Report is used as a title for two FTSE 100 companies' reports, this is deemed as the highest level of environmental reporting and utilises shareholder wealth to actively support the reduction of a company's environmental impact, but with the results of environmental activities in stating monetary values are not being utilised in all areas, would suggest further that the title of the report is not meeting its definition. Therefore, Hypothesis five is not supported.

BITC awards and page count

One of the disclosure variables was the page count devoted by the UK FTSE top 100 companies to their reporting as a basic measure of commitment to environmental communications. Given the complexity of environmental issues, one might assume that companies would try to communicate their policies and performance effectively to various stakeholders by producing lengthy reports (Spada, 2008). However, it might be possible that companies with the shortest reports communicate complex issues more effectively than those with the longest reports. The results showed that the amount of pages utilised to disclose environmental reporting in any format is mainly less than five pages or between five and twenty pages, with (46%) and (45%) respectively (see table 1). Only 8% use more than twenty-one pages with only one company using over fifty pages and none having more than one hundred pages. When investigating whether there is a link between report format and_BITC awards, six out of thirteen FTSE 100 companies that received Platinum awards (see figure 5) utilise less than five pages of either stand alone reports, reporting within annual reports and accounts and web pages to disclosue their environmental impact. Five companies only use between five and twenty pages and only two companies use between twenty-one and fifty pages (see table 2). Three Platinum Plus award winning FTSE 100 companies publish environmental reports between five and twenty pages in length. Two utilise less than five pages and the remainer company makes use of twenty-one to fifty pages (see table 2).

Figure (5) BITC awards and page count

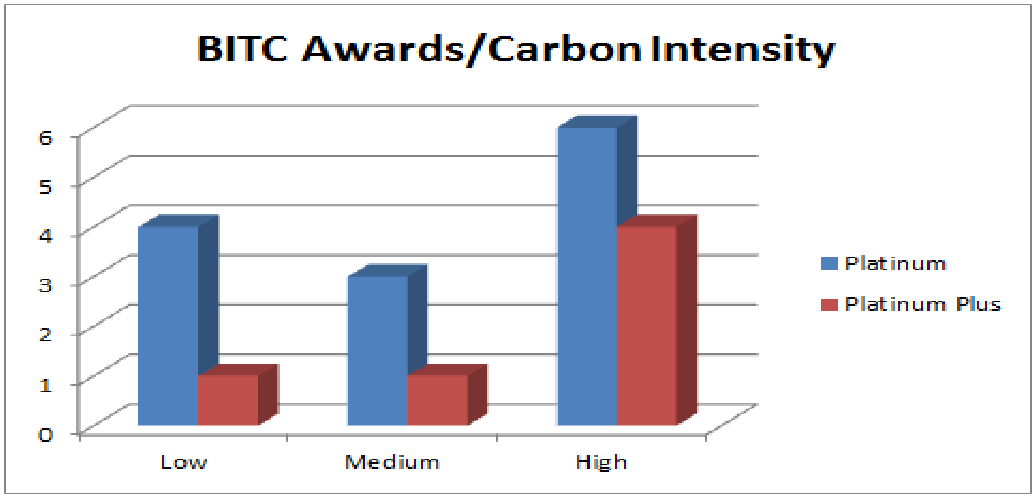


It is important to note here that the number of pages utilised in environmental disclosures is not a remit of BITC criteria. Figure (5) shows that Platinum award winning companies use between five and fifty pages, with only one company providing more than that. The results for Platinum Plus award winners in figure (5), differs with three companies falling into the five to twenty pages bracket. It is interesting to note that there are two companies utilising less than five pages, clearly demonstrating that the quality of reporting is fundamental over the quantity. Again this is a trend that follows the results in for the entire FTSE 100. Therefore, hypothesis six is not supported.

BITC awards and carbon intensity

One of the disclosure variables was carbon intensity. Carbon intensity is the average of emissions per unit of output (Spada, 2008). The level of carbon intensity may be important if high carbon companies face comparatively higher reporting expectations. The results showed the split between the three intensity levels. There are more high intensity companies (43%) than medium and low (36%), with medium intensity level being the least represented category in the FTSE top 100 companies (21%).

Figure (6) BITC Awards and Carbon intensity



When investigating the relationship between carbon intensity and BITC awards, the results showed that six out of thirteen companies that received platinum award have a high carbon intensity, with four and three having a low and medium impact repectively (see table 2), repicating the trend of the entire FTSE 100 results, this suggests that there is no trend in higher carbon omittees being anymore eligible for awards than those in lower categories. Figure (6) clearly illustrates that four out of six Platinum Plus award winning FTSE 100 companies have a high level of carbon intensity with the remaining two companies rated medium and low. This contadicts the findings from the Platinum awards and would suggest that the higher carbon intense companies are more likely to report on sustainability pratices. In contrast to the results of carbon intensity in Platinum award winning FTSE 100 companies, in the case of Platinum Plus award victors it seems that high carbon industries pay more attention on disclosing their environmental activities rather than low and/or medium carbon intense industries. This would coincide with the observation of Blowfield *et al*. (2008, pg 196) companies may be producing a higher grade of report as a consequence of their high rating, or on the back of an environmental disaster. Therefore, Hypothesis seven is not supported.

BITC awards and environmental activities

One of the research specific variables was environmental activities. The results showed that in terms of overall quality of disclosure relevant to environmental reporting, companies achieved the highest score for information about their corporate profile and general disclosures but they provided very little financial information that relates to current, past, or future expenditures on environmental matters. Most of the FTSE companies have statements or discussion of the company’s environmental policy or concern for the environment, discussion of the company’s pollution control facilities or processes, discussion of specific (non-hazardous waste related) environmental regulations or requirements, statement or discussion of the company being in compliance with environmental regulation. On the other hand, information on environmental objectives/targets and performance matched against the previous year’s targets was not well disclosed- only some of the companies made some attempt at this disclosure. Few disclosed on current or past years’ capital expenditures for pollution control, on projected future capital expenditures for pollution control, on current or past years’ operating costs for pollution control or on projected future operating costs for pollution control or abatement. The results of the current study in consistent with the results of prior studies. Al-Tuwaijri et al. (2004, p. 454) restated that “quantitative disclosures are more objective and informative to stakeholders than qualitative information”.

Most of the prior studies of the environmental performance/ environmental disclosure relation have attempted to capture this effect by weighting quantitative or monetary disclosures more highly (see, e.g., Al-Tuwaijri et al., 2004; Hughes et al., 2000; Wiseman, 1982). None, however, distinguishes disclosure along monetary and non-monetary lines. We argue that monetary disclosures about capital expenditures and/or operating costs associated with environmental compliance activities are likely to be viewed by management as having higher proprietary than non-monetary disclosures, and as such, will be less preferred as a disclosure tool than other types of environmental disclosure.

Figure (7) BITC awards and environmental activities

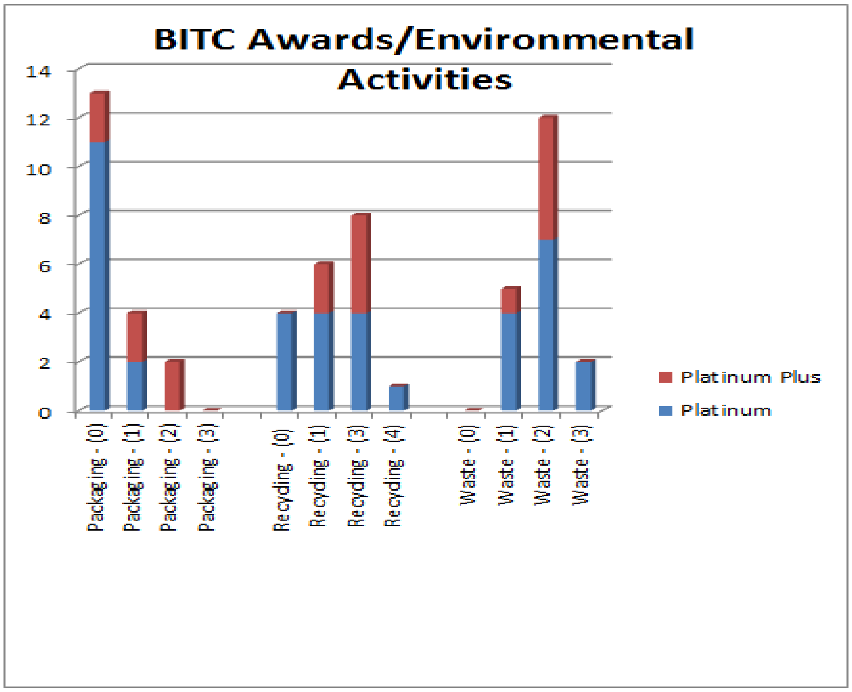


Figure (7) shows the scale used to measure environmental disclosures (0) Not disclosed, no discussion of the issue, (1) Minimum coverage, little detail—environmental impact explained in words or in general terms. (2) Environmental impact defined in quantities and (3) Quantitative: the environmental impact was clearly defined in monetary terms. Figure (7) also demonstrates that out of the thirteen Platinum award winning reports, a majority of eleven contained no discussion on the matter of packaging. The remaining two companies merely disclosed their environmental impact in words. No quantities or monetary values of packaging reduction were disclosed. These results, on the other hand, are coherent in Platinum Plus award winning reports with only a third disclosing packaging in quantitative terms. The rest were also found to have either no discussion, or merely expressed in words. This trend is exemplified upon analysis of recycling disclosures. The majority of Platinum award winning reports either had no discussion on the topic or were only expressing their activities in words.

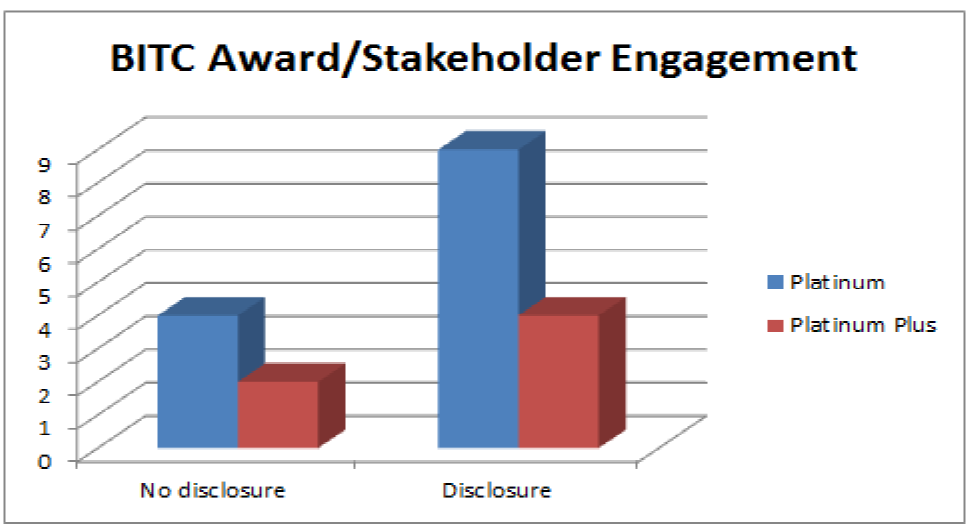
However it can also be observed in figure (7) that Platinum Plus award winners did appear to have slight improvement in their envirionmental activities disclosures with the majority disclosing recycling issues in quantitive terms. Even with the evident improvement in the detail of reporting, with the concept of measurement being implemented in most cases, it is still far from maximum potential. This would support Blowfield *et al.* (2008) view that companies who are poor performers in these areas have chosen to omit them from their reports, possibly to avoid criticism on their performance. It would also confirm what the BITC guidelines (2002) have suggested, in that companies may only be using the figures they have already conducted data measurement on within the daily workings of business e.g. the inclusion of determining recycling and waste quantities, with packaging issues being the most common variable being omitted from disclosure. On the topic of waste there is a notable improvement in the quality of disclosures for Platinum and Platinum Plus award winning reports. All reports include information on this topic with the majority providing quantitive information.

It can be observed that only two Platinum award winning reports provide monetary values in this area. No Platinum Plus award winners provide data in monetary values. It is clear that companies are still eligible for an award, even without complete and quality disclose on the areas of packaging, recycling and waste. The results of this study showed that there was a number of Platinum and Platinum Plus award winning companies who provided no discussion on packaging and recycling or merely acknowledged their activities in words. These results are in harmony with the results of Deegan (2002) that companies only report to appear to be 'doing the right thing'. Some companies encouraged packaging, recycling and waste reduction and others have completely omitted them in the 'cherry picking' process implemented at the commencement of reporting conduct. In addition to the above, Blowfield et al. (2008) stated that; there is little evidence from research, that investors are influenced by social and environmental reporting disclosures. This view is validated by the lack of monetary disclosures on environmental reporting activities. The BITC guidelines do not state that the variables depicted in this paper should be in monetary value, they merely state a method of measurement should be utilised. The BITC guidelines recommend that companies should do this by utilising existing internal data management reports e.g. waste management systems. These should already include monetary figures that can be extracted and included in CSR reports for investor use. It is fair to note that investors cannot take these disclosures into consideration without monetary values being included, and this could be an area BITC should look to incorporating into their guidelines in the future. Therefore, hypothesis one is partly supported.

BITC Awards and Stakeholder Engagement

One of the research variables was stakeholders' engagement. The results showed that only 63% of FTSE 100 companies disclose on stakeholders' engagement within their environmental reports (see table 1). Some examples of stakeholder engagement ranged from raising and maintaining staff awareness of, and ensuring that employees are actively engaged in, activities to reduce the impact of the Group's operations on the environment. Customer surveys complied on quality of service and future expectations of customers. Blogs, web forums and panels utilised to learn from retail customers and test new concepts in real time and face-to-face interaction at conferences and meetings with key suppliers and industry colleagues. The quantity and quality of disclosures ranged from that of a few lines of acknowledgement in some reports, to detailed tables of content, specifying stakeholders and a breakdown of interactions. The results of this study is consistent with the BITC guidelines (BITC, 2002) which stated that tracking stakeholder views is the best way to help assure that the right issues have been identified and prioritised. In addition to the above, a number of studies have also pointed out the importance of stakeholders' engagement (Crane *et al*., 2007; Huijistee *et al*., 2008; Blowfield *et al*., 2008) also mentioned that multinational corporations often refer to stakeholder engagement in their corporate social responsibility reports.

Figure (8) BITC award and stakeholder engagement



When investigating the link between BITC award and disclosure on stakeholders' engagement, the results showed that nine out of thirteen companies that achieved Platinum award disclose on their engagement with stakeholders.

Even after receiving a Platinum Plus award there are still two out of six FTSE 100 companies not disclosing stakeholder engagement within their environmental reports.Figure (8) also shows that two out of six Platinum Plus award winning FTSE 100 companies also did not provide this information. This result completely contradicts the view from AccountAbility AA1000 guidelines (2005, pg 7) which propose that to incorporate the concept of sustainable development in companies, stakeholder engagement must be encouraged. However, it does confirm that report makers may only be following the minimum requirements incorporated in the guidelines, as BITC did state that the minimum stakeholder engagement required is that of consultation with employees. Therefore, hypothesis two is partly supported.

Conclusion

The findings of the general variables suggest that commitment to environmental communication does not follow a linear route from low to high carbon sectors. For example, financials, a low carbon sector, disclose more on environmental activities compared with companies from medium to high carbon sector. In addition, the majority of the UK FTSE top 100 companies report on environmental activities in separate reports titled ‘Corporate Responsibility Reports’. When investigating the link between the general variables and getting an award from BITC, the results showed that most of these variables have no effect on getting an award. It can be said here that it might be there were no questions related to these variables in the questionnaires that have been filled by these companies.

The findings of the research specific factors suggest that, disclosure by the top UK companies reveals a considerable awareness that internal environmental activities and engagement with stakeholders have become a theme of strategic choice and have developed the management systems and processes necessary for them to effectively manage their environmental activities and related business risks. In terms of overall quality of disclosure, companies achieved the highest score for information about their corporate profile and general disclosures but they provided very little financial information that relates to current, past, or future expenditures on environmental matters. When investigating the link between BITC award and the quality of internal environmental activities, the results showed that there were some differences on the quality of disclosure of internal environmental activities when linked to BITC award. For example, eleven Platinum award winning companies contained no discussion on the matter of packaging. The remaining two companies merely disclosed their environmental impact in words. No quantities or monetary values of packaging reduction were disclosed. For Platinum Plus award winning companies, two only disclosed on packaging in quantitative terms. Moreover, the role of stakeholders is crucial because the shape of a company’s report is largely driven by stakeholders’ demand. However, the link between getting a BITC award and disclosure on stakeholders’ engagement is not completely clear. These results collated suggest that although awards are a good tool to encourage companies to participate in environmental reporting, they do not demand the highest quality of reporting to obtain them, this would suggest that their methods of measurement in collating the award criteria could be flawed.

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Appendix

Table (1) Number of FTSE companies for research variables

Research Variables	Number of FTSE top 100 companies									Total
Industry	(7) Oil and Gas	(11) Basic Materials	(12) Industrials	(8) Consumer Goods	(17) Consumer Services	(4) Health care	(6) Telecommunications	(9) Utilities	(25) Financial	(1) Technology	100
Report Format	(71) Stand Alone Corporate Responsibility Reports	(26) Corporate Responsibility Reports Embedded in The Annual Report	(3) Web Based Corporate Responsibility Report								100
Report Title	(10) Corporate Social Responsibility Report	(35) Corporate Responsibility Report	(16) Sustainability Report	(18) Annual Report and Accounts	(1) Report To Society	(2) Health, Safety and Environment	(2) Corporate Citizenship Report	(6) Environmental Management Report	(1) Climate Confidence	(9) Others	100
Page Count	(46) Less Than 5	(45) between 6-20	(8) Between 21 - 50	(1) Between 51 - 100							100
Carbon Intensity	(43) High	(21) medium	(36) low								100
BITC Award	(81) No Award	(13) Platinum Award	(6) Platinum Plus Award								100
Stakeholders' Engagement	(63) Disclosure	(37) No Disclosure									100

Table (2) The link between BITC award and the research variables

	Platinum Award (13)	Platinum Plus Award (6)
Industry Sector	Oil & Gas (1), Basic Materials (3), Industrials (1), Consumer Services (2), Health Care (1), Utilities (1), Financial (4).	Consumer Goods (3), Consumer Services (2), Telecommunications (1).
Report Format	Stand alone reports (11), CR integrated in The Annual Report (1), web Corporate responsibility reports (1).	Stand alone reports (5), CR integrated in The Annual Report (1)
Report Title	Corporate Social Responsibility Report (1), Corporate Responsibility Report (3), Sustainability Report (7), Environmental Management Report (2).	Corporate Responsibility Report (1), Sustainability Report (1), Environmental Management Report (1), Annual Report and Accounts (1), Others (2).
Page Count	Less Than 5 pages (6), between 6-20 pages (5), between 21-50 (2)	Less Than 5 pages (2), between 6-20 pages (3), between 21-50 (1)
Carbon Intensity	High (6), medium (3), low (4)	High (4), medium (1), low (1)
Environmental Activities - Packaging	No discussion (11), Environmental impact explained in words (2).	No discussion (2), Environmental impact explained in words (2), Environmental impact defined in quantities (2).
Environmental Activities - Recycling	No discussion (4), Environmental impact explained in words (4), Environmental impact defined in quantities (4), Environmental impact defined in monetary terms (1).	Environmental impact explained in word (2), Environmental impact defined in quantities (4).
Environmental Activities - Waste	Environmental impact explained in words (4), Environmental impact defined in quantities (7), Environmental impact defined in monetary terms (2).	Environmental impact explained in word (1), Environmental impact defined in quantities (5).
Stakeholders Engagement	Disclosed on stakeholders' engagement (9), Not disclosed (4)	Disclosed on stakeholders' engagement (4), Not disclosed (2)