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Extended Performance Reporting: Evaluating Corporate Social Responsibility And Intellectual Capital Management

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Abstract

Recent corporate scandals have resulted in heightened attention towards the shortcomings of traditional financial reporting frameworks. Concurrently, the rise of the corporate social responsibility imperative has led to criticisms that financial reports present an incomplete account of a firm's activities. In addition, growing acknowledgement of the importance of a firm's intangibles and intellectual capital has been associated with increased commentary about the need for extra disclosures if a more complete picture of the firm's value is to be provided to external stakeholders. This paper responds to these concerns by developing an extended performance reporting framework to the Australian Food and Beverage Industry, which is characterised by both corporate social responsibility and intellectual capital issues. In relation to the latter, this framework presents a novel attempt to develop an industry-customised framework as called for by both industry bodies and researchers in the area.

Keywords: *extended performance reporting, corporate social performance, intellectual corporate management, corporate social responsibility*

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INTRODUCTION

Recent accounting scandals (such as those involving Ansett, Enron, HIH, One.Tel and Worldcom) have drawn increasing attention to the shortcomings of Traditional Financial Reporting (TFR) (Brennan & Connell, 2000). Concurrently, recent developments in the context in which companies operate, such as the rise of the knowledge-based economy and the importance of intellectual capital in influencing competitive advantage on the one hand, and the movement towards sustainable development together with corporate social responsibility imperatives on the other, have led to criticisms that the TFR framework presents an incomplete picture of a firm's value (Brennan & Connell, 2000), and provides an incomplete account of a firm's activities respectively (Elkington, 1997; Gray et al, 1993).

This paper attempts to address these growing concerns in relation to the limitations of the TFR framework. It argues for the need for an extended performance reporting (EPR) approach that integrates frameworks from the Intellectual Capital Reporting (ICR) and Corporate Social Responsibility (CSR) literatures. As previously indicated, the TFR framework is subject to two major limitations. These relate to the TFR framework presenting an incomplete account of a firm's value and an incomplete account of a firm's business activities. The ICR and CSR literatures both aim to resolve some of the limitations of the TFR framework. However, they tend to focus on different aspects of the limitations, that is, the ICR literature attempts to address the first limitation and the CSR literature attempts to address the second limitation. Thus, it is argued that there is a need for a reporting framework that combines the developments of these two relevant literatures, to produce an integrated model that will sufficiently address the two major limitations of the TFR framework. This leads to the first objective of this paper, which is to develop an EPR framework that integrates frameworks from the ICR and CSR literatures.

Further, this paper argues that there is a need for such a framework to address industry-specific variables. A problem with the existing ICR and CSR frameworks is that they tend to be of a generalised nature and do not address specific company or industry issues. Despite the effect of industry-specific variables being an important consideration in developing a reporting framework (GRI, 2002; 2005; DEH, 1999), few studies to date have incorporated industry variables in their reporting frameworks (Guthrie et al., 2005). Further, according to Guthrie et al. (2004), the generalised nature of most disclosure instruments is a limitation on the accuracy of the results of empirical studies, and that introducing greater situational specificity into the coding process represents an avenue for improvement. However, few studies to date have modified the coding instrument in an effort to control size and industry effects across a sample of companies. This paper attempts to address this limitation by incorporating industry-specific variables into the EPR framework developed. Hence, the second objective of this paper is to incorporate industry-specific variables for a specific industry into the EPR framework.

The paper is structured as follows. The next section reviews the intellectual

capital and corporate social responsibility literatures and the criticisms raised by each for TFR. This is followed by a section that discusses the various phases of developing the EPR for the Australian Food and Beverage Industry. The paper concludes with a synthesis of its contributions.

INTELLECTUAL CAPITAL AND CORPORATE SOCIAL RESPONSIBILITY

Over the last several decades, there has been a shift from the industrial age to the information age. In the industrial era, a company's intangible assets, such as buildings, machinery, and plant and equipment, were the source of economic strength. Currently, intellectual assets, such as competencies, processes and people are the hidden sources of current and future wealth (Guthrie, 2001; Kaplan & Norton, 1996; Petty & Guthrie, 2000).

Commensurate with the decline in traditional industries and the concurrent growth in knowledge-based industries, the management, measurement and reporting of Intellectual Capital (IC) has gained importance. As a result of the shift to the information age, the ability of a company to mobilise and exploit its intangible, or invisible, assets has become far more decisive than investing and managing physical, tangible assets (Kaplan & Norton, 1996). Thus, in the knowledge economy, organisations need to manage their IC effectively, and to leverage it for the benefit of their stakeholders.

The TFR framework has been criticised for ignoring many strategic intangible resources that are increasingly important in the knowledge-based economy (Brennan & Connell, 2000; Roslender & Fincham, 2001; Guthrie, 2001; Mouritsen, 2004). The often substantial difference that exists between a firm's market and book values suggests that the TFR framework presents an incomplete account of a firm's value. Brennan & Connell (2000) indicate that many of the differences can be explained by IC items that are not recognised under the TFR framework. According to Hope & Hope (1998), between 50 and 90 percent of the value created by a firm is estimated to come from the management of IC, rather than from the management of traditional physical assets. Thus, the TFR framework has been criticised in that many strategically important intangible resources (such as employee knowledge and expertise, trademarks and information systems) that are increasingly important in the rise of the knowledge-based economy, are not accounted for in the traditional balance sheet and financial statements.

The incomplete view of firm value provided by the traditional balance sheet is an important issue because it can lead to problems such as misallocation of capital and under-investment in IC-creating activities (Carroll & Tansey, 2000). With the important role IC plays in creating a firm's sustainable competitive advantage, information on the firm's activities for integrating, creating, transferring and applying IC can provide users with a more forward-looking view of the firm (Ballow et al., 2004). Information on IC enables information users to understand how the firm's value is created or diminished, which in turn allows them to better assess viability and the 'true' value of the firm.

The ICR literature has thus developed in an attempt to resolve some of the limitations of the TFR framework. This literature provides a range of performance management, measurement and reporting frameworks.

`Concurrently, CSR has been growing in importance owing to the increasing interest in the 'sustainable development' concept, which is regarded as "development that meets the needs of the present without compromising the ability of future generations to meet their own needs" (WCED 1987, p. 43). For example, the issue of climate change and global warming is being recognised by business leaders as one of the most important issues they face. At the 2000 World Economic forum in Davos, Switzerland, business leaders from around the world overwhelmingly voted climate change as the most significant issue facing twenty-first century business (Deegan, 2005).

The movement towards sustainable development has given rise to the criticism that the TFR framework gives an incomplete account of business activities (Elkington, 1997; Gray et al., 1993; Gray et al., 1996; Mathews, 1997) as it precludes information about an entity's social and environmental activities. Traditional financial accounting has treated environmental goods (for example, air and water) as being in infinite supply and free, with the consequence that the use or abuse of the environment is not reflected in accounting performance indicators such as 'profits'. Additionally, traditional financial accounting ignores many social costs that an entity might have imposed upon the community within which it operates. It has been argued that there is a need to develop alternative approaches to reporting of social and environmental issues in order to account for the social and environmental impacts that organisations have on society (Deegan, 2005). Within the CSR literature, a range of reporting approaches has been developed which seeks to incorporate a firm's social and environmental performance as well as its financial performance. The next section of this paper briefly discusses the gaps in the existing literature and summarises the objectives of this paper.

For the purposes of this paper, the Australian Food and Beverage Industry (AFBI) is used to illustrate the process of identifying and incorporating industry-specific indicators into the EPR framework.

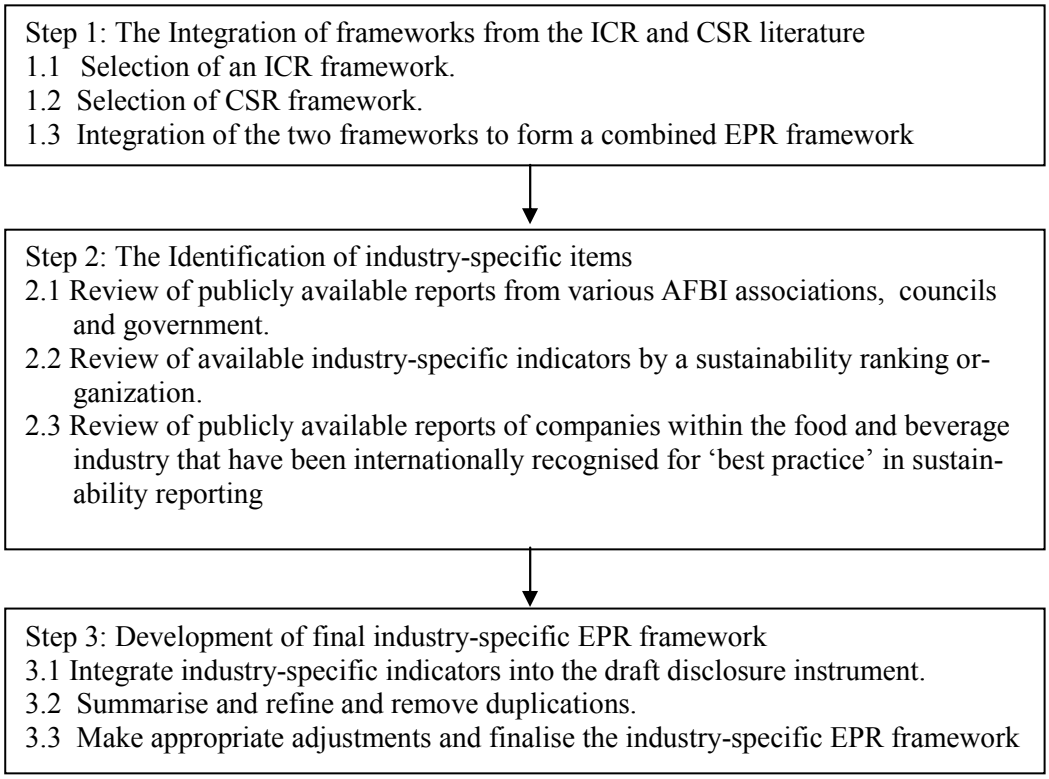
DEVELOPMENT OF THE EPR FRAMEWORK

The development of the industry-specific EPR framework involved three major steps. The first step involved integrating reporting frameworks from the ICR literature and the *CSR* literature. The second step involved identifying industry-specific items relevant to the AFBI. The third step involved summarising and refining the final industry-specific EPR framework. These development steps are outlined in Figure 1. This is followed by a detailed explanation of each step.

3.1 Framework Integration

The first step involved integrating frameworks from the ICR and CSR literatures into an EPR framework. Step 1.1 involved the selection of an ICR

Figure 1. Process for developing the industry-specific EPR framework



framework. Several previous studies have employed various ICR frameworks in an attempt to assess and explain differences in the amount of information disclosed in company annual reports, the most popular of which have been various modified versions of the Intangible Asset Monitor (for example, Brennan, 2001; Guthrie et al., 1999; Guthrie & Petty, 2000; Guthrie et al., 2004; Guthrie & Ricceri, 2004).

In Australian studies, using the Intangible Asset Monitor framework, Guthrie et al. (1999) and Guthrie & Petty (2000) examined how companies reported their IC. They conducted content analyses of the annual reports of the top 19 companies (in terms of market capitalisation) and one Australian 'best practice' company in ICR. The Guthrie & Petty (2000) framework has since been used by several studies conducting research into the reporting of IC information in annual reports (see, for instance, April et al., 2003; Brennan, 2001; Bozzolan et al., 2003).

Guthrie et al. (2004) later re-modified the Guthrie & Petty (2000) framework which was derived from Sveiby (1997, pp. 8–11) and integrated several professional pronouncements on ICR (see IFAC 1998) to produce a slightly modified structure. The framework is provided in Table 1.

The framework is composed of three main parts or dimensions: internal capital, external capital, and human capital. Internal capital includes the systems, policies, culture and other

Table 1: ICR Framework

1. INTERNAL CAPITAL	2. EXTERNAL CAPITAL	3. HUMAN CAPITAL
1. Intellectual property	7. Brands	14. Employees
2. Management philosophy	8. Customers	15. Education
3. Corporate culture	9. Customer satisfaction	16. Training
4. Management processes	10. Company names	17. Work-related knowledge
5. Information/networking systems	11. Distribution channels	18. Entrepreneurial spirit
6. Financial relations	12. Business collaborations	
	13. Licensing agreements	

Source: Guthrie et al. (2004, p. 286)

'organisational capabilities' developed to meet market requirements. External capital covers the connections that people outside the organisation have with it, and human capital includes the know-how, capabilities, skills, and expertise of the employees.

The ICR framework provided by Guthrie et al. (2004) is chosen as a starting point in the development of the EPR framework.

Step 1.2 of the development of the EPR framework involved the selection of a CSR framework. Several CSR frameworks have been released by governments and industry bodies throughout the world. One source of reporting guidance that has assumed a dominant position in the CSR domain is the Global Reporting Initiative's (GRI) 'Sustainability Reporting Guidelines' (GRI, 2002). The GRI released its first version of its Sustainability Reporting Guidelines in June 2000 and launched its modified version in 2002. The GRI is a long-term, multi-stakeholder, international process whose mission is to develop and disseminate globally applicable Sustainability Reporting Guidelines. The GRI was launched in 1997 as a joint venture between the US non-government organisation Coalition for Environmentally Responsible Economies and the United Nations Environment Program, with the goal of enhancing the quality, rigour, and utility of sustainability reporting. The initiative has had the active support and engagement of representatives from business, non-profit advocacy groups, accounting bodies, investor organisations, trade unions, and many more. Together, these different constituencies have worked to build a consensus around a set of reporting guidelines with the aim of achieving worldwide acceptance.

The guidelines are for voluntary use by organisations for reporting on the economic, environmental and social dimensions of their activities, products and services. The aim of the guidelines is to assist reporting organisations and their stakeholders in articulating and understanding contributions of the reporting organisations to sustainable develop-

ment.

Major criticisms of the guidelines are that they do not address IC items (ICAEW) and the indicators they provide are too broad and need to be industry-specific (GRI, 2002). Nonetheless, many organisations are using the GRI Guidelines as the basis for their CSR, and various industry codes that require periodic reporting also refer signatories to the GRI Guidelines (Deegan, 2005, p. 1127).

The GRI (2002) consists of 97 separate indicators. Fifty are designated 'core' indicators and are deemed to be of relevance to most organisations. The remaining 47 indicators are deemed to be additional, and therefore only expected to be used when indicated by the characteristics of the organisation. Examples of indicators are provided in Table 2.

Table 2: Sustainability Reporting Guidelines categories of indicators

Category	Element	Examples of indicators
General	CSR strategies, management & systems	Organisation's objectives and actions on CSR issues
	Organisational profile	Major products including brands
	Governance	Percentage of directors that are independent
	Stakeholder engagement	Approaches to stakeholder consultation
Economic Performance	Customers	Market share
	Suppliers	Cost of goods, materials and services purchases
	Employees	Total payroll and benefits broken down by country or region
	Providers of capital	Increase/decrease in retained earnings at end of period
	Public sector	Total sum of all taxes of all types paid broken down by country
Environmental Performance	Materials	Total materials used other than water by type
	Energy	Direct energy use segmented by primary source
	Water	Total water use
	Biodiversity	Location and size of land owned, leased, or managed in biodiversity-rich habitats
	Emissions, effluents and waste	Quantity of greenhouse gas emissions
	Products and services	Significant environmental impacts of principal products and services
	Compliance	Incidence of fines for non-compliance with all applicable international environmental regulations

Table 2 (Continued)

Social Performance: Labour Practices and Decent Work	Employment	Breakdown of workforce by region/country, status, employment type and employment contract
	Labour/ Management relations	Percentage of employees represented by independent trade unions
	Health and safety	Practice on recording and notification of occupational accidents and diseases
	Training and education	Average hours of training per year per employee by category of employee
	Diversity and opportunity	Description of equal opportunity policies or programs as well as monitoring systems
Social Performance: Human Rights	Strategy and management	Description of policies, guidelines, corporate structure and procedures to deal with all aspects of human rights relevant to operations
	Non-discrimination	Description of global policy and procedures preventing all forms of discrimination
	Freedom of association and collective bargaining	Description of freedom of association policy and extent to which this policy is universally applied as well as description of procedures to address the issue
	Child labour	Description of policy excluding child labour as defined by the ILO convention 138
	Forced and compulsory labour	Description of policy and procedures to prevent forced and compulsory labour and extent to which this policy is visibly stated and applied
Social Performance: Society	Community	Description of policies and procedures to manage impacts on communities in areas affected by activities
	Bribery and corruption	Description of the policy, procedures/ management systems and compliance mechanisms for organisations and employees addressing bribery and corruption
	Political contributions	Description of the policy, procedures/ management systems and compliance mechanisms for managing political lobbying and contributions
Social Performance: Product Responsibility	Customer health and safety	Description of policy, procedures and monitoring systems for preserving customer health and safety during use of products and services

Table 2 (Continued)

	Products and services	Description of the policy, procedures/management systems and compliance mechanisms related to product information and labelling
	Respect for privacy	Description of the policy, procedures/management systems and compliance mechanisms for consumer privacy

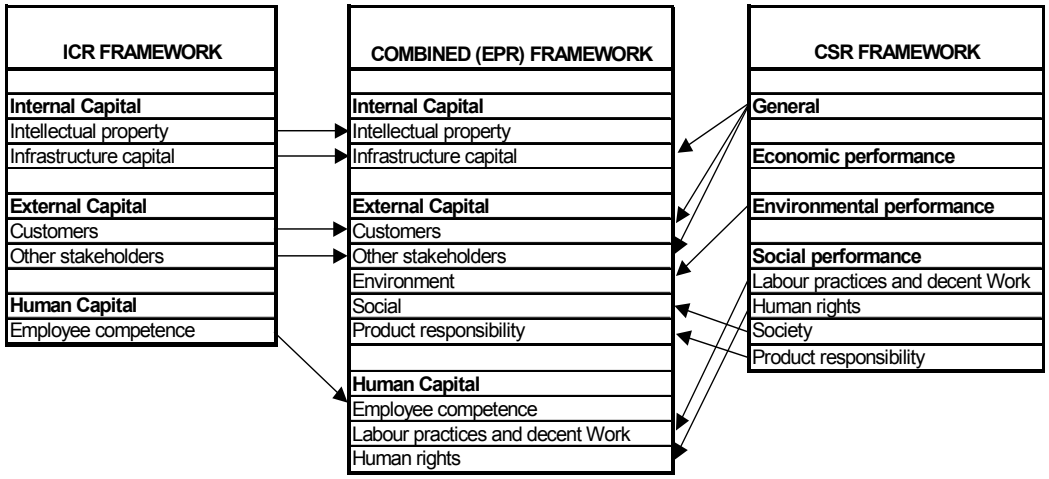
From Table 2, the elements and indicators are grouped under three major categories: economic, environmental and social performance.

While it is acknowledged that there is no conceptual framework for CSR, the GRI's (2002) Guidelines have assumed a dominant position and thus the GRI (2002) Guidelines are chosen for incorporation into the EPR framework.

Step 1.3 in the development of the EPR framework involved combining the frameworks selected in steps 1.1 and 1.2. A mapping of the categories from the original frameworks to the new EPR combined framework is provided in Figure 2.

From Figure 2, the three dimensions in the combined EPR disclosure instrument follow the contemporary classification scheme for intangibles derived from Sveiby's (1997) ICR framework: internal capital, external capital, and human capital.

Figure 2: Process for combining the ICR and CSR frameworks



The 'environmental performance', 'society' and 'product responsibility' categories from the GRI (2002) were included within the external capital dimension. The 'labour practices and decent work' and 'human rights' categories from the GRI (2002) were collapsed into the human capital dimension.

This resulted in three main dimensions, namely, internal capital, external capital and human capital. Internal capital includes two categories: 'intellectual property' and 'infrastructure capital'. External capital includes five categories: 'customers', 'other stakeholders', 'environment', 'social' and 'product responsibility'. Human capital includes three categories: 'employee competence', 'labour practices and decent work' and 'human rights'.

Only the 'core' indicators from the GRI (2002) were included in the combined EPR framework. Core indicators are those relevant to most reporting organisations and of interest to most stakeholders. The economic indicators from the GRI (2002) were excluded, as the area of interest is voluntary disclosure of EPR items.

The EPR framework, after combining the two frameworks from the ICR and CSR literatures, is provided in Table 3.

The EPR framework has three dimensions: internal capital, external capital and human capital; and ten categories: intellectual property, infrastructure capital, customers, other stakeholders, environmental performance, social, product responsibility, employee competence, labour practices and decent work, and human rights.

Table 3: The Extended Performance Reporting framework

INTERNAL CAPITAL	EXTERNAL CAPITAL	HUMAN CAPITAL
Intellectual Property	**Customers**	**Employee Competence**
	Brands	Employees
Infrastructure Capital	Customers	Education
Management philosophy	Customer satisfaction	Training
Corporate culture	Company names	Work-related knowledge
Management processes	Distribution channels	Entrepreneurial spirit
Information/networking systems		
Financial relations	**Other Stakeholders**	**Labour Practices and Decent Work**
	Business collaborations	Employment
	Licensing agreements	Labour/management relations
		Health and safety
	Environmental Performance	Diversity and opportunity
	Materials	
	Energy	**Human Rights**
	Water	Strategy and management of human rights
	Biodiversity	Non-discrimination
	Emissions, effluents and waste	Freedom of assoc. & collective bargaining
	Products and services	Child labour
	Compliance	Forced and compulsory labour
	Society	
	Community	
	Bribery and corruption	
	Political contributions	
	Product responsibility	
	Customer health and safety	
	Products and services	
	Respect for privacy	

3.2 Industry Specificity and Customisation

The second step in the development of the EPR framework involved supplementing the combined EPR framework as provided in Table 3 with industry-specific items.

As the focus of the research is on the provision of information on EPR performance, the selection of industry-specific issues was based on this concept. The three major sources of industry-specific information included:

- publicly available reports from various AFBI associations, councils and government bodies;
- industry-specific indicators identified by well recognised sustainability ranking organisations; and
- publicly available reports of companies within the food and beverage industry that have been internationally recognised for best practice in sustainability reporting.

The processes used to obtain the industry-specific information from each of the three major sources are discussed separately below.

Source 1: AFBI associations, councils and government bodies

As demonstrated in Figure 1, step 2.1 in the process of developing the customised EPR framework consisted of conducting a review of the significant and important EPR issues and challenges facing the AFBI. This involved the examination of annual reports and other publicly available information such as environmental and social reports, websites, government reports and media releases from various industry associations, councils and government bodies. These included sources such as the Australian Food and Grocery Council (AFGC), the Alcohol and Other Drugs Council of Australia (AODCA), The Department of Agriculture, Fisheries and Forestry (DAFF) and New South Wales Agriculture. A summary of the items identified are provided in Table 4.

Source 2: Sustainability ranking organisations

As demonstrated in Figure 1, step 2.2 in the process of developing the customised EPR framework involved the review of several sustainability ranking bodies to identify any industry-specific indicators for the AFBI. The findings from this review were that, although a need for industry-specific indicators is generally acknowledged, with the exception of RepuTex, there was a lack of industry-specific indicators relating to the AFBI provided by sustainability ranking bodies.

The RepuTex Social Responsibility Rating is an assessment of the extent to which an organisation is performing in a socially responsible manner in terms of its corporate governance, environmental impact, social impact and workplace practices. RepuTex criteria are divided into three bands. Band one comprises general (global) criteria. These broadly defined criteria remain consistent across all industries. Band two comprises regional (local) criteria, and band three comprises sector and industry-specific criteria (RepuTex website, accessed 1st November 2004).

The focus of this study is on band three which comprises sector-specific criteria.

Table 4: Summary of Industry-specific issues identified from a review of AFBI associations, councils and government bodies

Industry-specific Issue	Example Indicators
Food safety	• Quality controls on food safety
Obesity and diet-related disease	• Healthy product options (e.g. reduced energy, reduced fat, reduced salt, high fibre) • Energy and nutritional labelling on food and beverage packaging
Genetically modified food	• Use of GM ingredients • Regulatory compliance of GM products • Labels on food containing GM ingredients
Environmental policy and management strategies	• Environmental policy and management strategies • Use of eco-efficiency indicators • Environmental audits, processes and reporting
Water and waste water Discharges	• Quantity of water used • Quantity of water discharged • Waste discharge management (organic and chemical pollutants)
Greenhouse gas emissions	• Energy consumption • Form of energy used • Emissions (carbon dioxide, methane, nitrous oxide)
Packaging	• Reduced weight of packaging • Recycling and recovery of packaging
Solid waste and recycling	• Quantity of solid waste • Recycling of solid waste
Alcohol abuse	• Low-alcohol content product options
Responsible advertising and promotion of products	• Responsible advertising and promotion of products • Engagement in consumer education
Alcohol labelling	• Accurate labelling of alcohol content and health warnings
Animal welfare	• The humane use and care of animals
Livestock and crop exotic disease controls	• Livestock identification system • Bio-security systems • Other disease and pest controls
Natural resource management and biodiversity	• Programs to prevent soil salinity and acidity • Tree planting

The industry-specific criteria identified by RepuTex for the AFBI included:

- The organisation assists consumers to make informed purchasing decisions.
- Where relevant, the organisation is a signatory to environmental covenants.
- The organisation complies with publicly available codes and guidelines governing responsible promotion of its products.
- The organisation demonstrates a commitment to best practice methods of quality control for all products, services and distribution systems.

RepuTex identified examples of indicators that may be considered to meet these criteria. A summary of the criteria and the example indicators are provided in Table 5.

Source 3: Internationally recognised 'best practice' companies in sustainability reporting

As provided in Figure 1, step 2.3 in the process of developing the customised EPR framework involved the examination of publicly available reports of companies within the food and beverage industry that have been internationally recognised for 'best practice' in sustainability reporting. 'Trust Us', produced in 2002, is an international benchmark survey produced by SustainAbility for the United Nations Environment Program (UNEP, 2002). It identified the top 50 reports from around the world (the 'Top 50'). These reports are regarded as 'best practice' in sustainability reporting.

Included in the Top 50 reports are seven best practice companies from the food and beverage industry. These include South African Breweries, Kirin Brewery, Chiquita, Kesko, Unilever, TESCO and Danone (UNEP 2002, p. 39). The annual reports and other publicly available reports (that is, environmental and social reports) were examined for each of these companies to offer insights into 'best practice' in EPR. The reports were specifically examined for items that are considered to be significant and important to the food and beverage industry. A list of the items identified from this review is provided in Table 6.

3.3 Development of the final industry-specific EPR framework

The third and final step in the development of the industry-specific EPR framework involved the integration of the industry-specific issues identified from all three information sources into the EPR framework. This required collating, summarising and refining the list of items into a final customised industry-specific EPR framework. This involved the collapsing of some categories, the combining of some items and the elimination of duplicated items.

The integration of the industry-specific issues into categories and elements of the industry-specific EPR framework is illustrated in Appendix A. The industry-specific issues were summarised by eliminating duplicated items and combining some similar items. In some cases new elements were created to accommodate the industry-specific issues. For example, new elements were created for food safety, customer health and well-being, responsible marketing, packaging

Table 5: RepuTex Social Responsibility Ratings Sector Specific Criteria and Indicators for the Food and Beverage Industry

Criteria	Examples of Indicators
a. The organisation assists consumers to make informed purchasing decisions	• The provision of information relating to: • accurate labelling of sources; • accurate labelling of content; and • disclosure of genetically modified content and regulatory compliance
b. Where relevant, the organisation is a signatory to environmental covenants	• Demonstrated participation in appropriate environmental codes and covenants
c. The organisation complies with publicly available codes and guidelines governing responsible promotion of its products	• Evidence that the organisation is a signatory to relevant codes • Demonstration of the use of strategies to mitigate the potential negative impacts of products • Demonstrated engagement in consumer education • Processes to mitigate potential negative impacts of products • Alteration of product range to improve consumer choice • Involvement of companies in awareness raising for potential negative impacts of products
d. The organisation demonstrates a commitment to best practice methods of quality control for all products, services and distribution systems	• The adoption and maintenance of recognised quality control standards relating to food safety • The adoption and maintenance of recognised quality control standards relating to other emerging requirements such as assurances on environmental management • Animal welfare • Full traceability throughout the supply chain

Source: RepuTex website (accessed 1st November 2004)

management, supply chain management and animal welfare.

In some cases where an element was regarded to be of significant importance to the AFBI, the element was further broken down into sub-elements. For example, the element 'food safety' was broken down into the sub-elements 'product safety and quality controls on food safety', 'supply chain management and value chain', and 'livestock and crop exotic diseases and pest control'. This further dissection more appropri-

Table 6: EPR items identified by 'best practice' companies

Issue	EPR Category
Environmental awards	Environment
Environmental programs	Environment
Energy reduction targets	Environment
Renewable energy	Environment
Waste water purification	Environment
Recycling waste water	Environment
Preservation of water sources	Environment
Programs to reduce greenhouse gas emissions	Environment
Lighter packaging	Environment
Solid waste	Environment
Hazardous and non-hazardous waste	Environment
Recycling waste	Environment
Animal welfare	Social
Animal testing	Social
Food safety	Product responsibility
Health supplements	Product responsibility
Reduced fats and sugar content	Product responsibility
Healthy product options	Product responsibility
Innovative products and consumer choice	Product responsibility
Food allergies and intolerances	Product responsibility
Organics	Product responsibility
Use of fertilisers, chemicals and pesticides	Product responsibility
Cultural considerations	Product responsibility
Genetically modified foods	Product responsibility
Nutritional labelling	Product responsibility
Responsible advertising and marketing	Product responsibility

ately reflects the importance of product responsibility for the AFBI. The results are provided in Table 7 which summarises the industry-specific issues into 17 elements and 17 sub-elements.

It is possible to develop a customised EPR framework for the AFBI by incorporating the industry-specific issues provided in Table 7 into the EPR framework. Figure 4 presents a summary of the mapping of the categories from the ICR and CSR frameworks, as well as the integration of the industry-specific elements from Table 7.

The final customised framework, after integrating the industry-specific issues, is provided in Appendix A. It consists of 52 elements classified under three dimensions and ten categories.

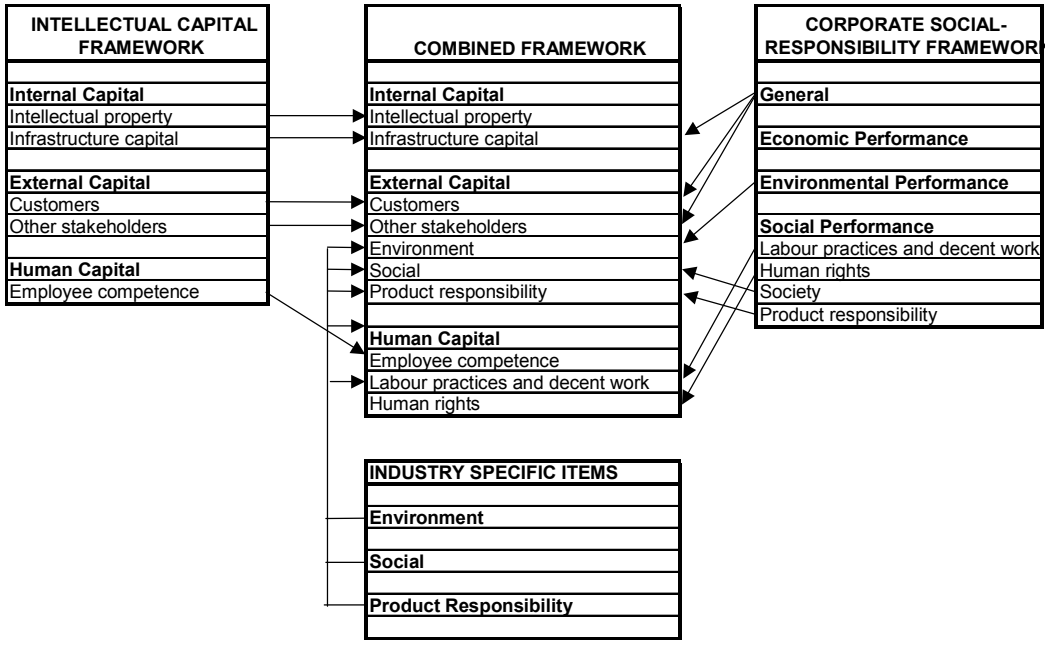
Table 7: Summary of industry-specific issues

Category	Element	Sub-element (where relevant)
Environment	Environment policy and management strategies	
	Environmental compliance	
	Environmental awards	
	Environmental programs	
	Materials	
	Energy	
	Water	
	Biodiversity	
	Emissions	
	Effluents	
	Waste	
	Packaging management of environmental issues	
Social Product Responsibility	Animal Welfare	
	Food safety	Product safety and quality controls on food safety
		Supply chain management and value chain
		Livestock and crop exotic disease and pest control
	Customer health and well-being	Variety of products for consumer choice
		Healthy and low-far product options
		Energy and nutritional labeling
		Food allergies and intolerances
		Cultural considerations
		Use of GM ingredients
		Health Supplements and nutrition and benefits
		Organics
		Accurate labeling of sources of ingredients
		Use of fertilizers, chemicals and pesticides
		Low-alcohol content product options
		Appropriate labeling of alcohol products
	Responsible marketing	Responsible promotion of products, engagement in consumer education, awareness raising of potential negative impacts of products of products
		Signatory to codes and guidelines on responsible promotion of products

4 DISCUSSION AND CONCLUSION

In light of the growing need for corporations to disclose the extent to which they are discharging their CSR and managing their IC, there has been increased reporting on both fronts. However, this has taken many and varied forms. In relation to CSR, 'corporate social responsibility reports' and 'triple-bottom line statements' are produced by many companies while others provide supplementary

Figure 4: Mapping of categories to the EPR framework



qualitative and quantitative information within their annual reports. However, at this stage, popular CSR reporting frameworks such as the GRI reporting framework, remain voluntary, and governments have avoided the mandating of triple-bottom line reporting. Similarly, in relation to IC, ICR is prevalent in Scandinavia but is less so outside this region. Although studies that find performance benefits for better disclosers (for example, Linstock Consultants, 2004; Petty & Cuganesan, 2005) support arguments for voluntary disclosure regimes, the heterogeneity in current disclosure practices suggests that greater consistency in reporting practice is required if comparability across organisations is to be attained. As such, the development and testing of frameworks for the reporting of IC and CSR is required.

Importantly, this paper argues that any frameworks for reporting IC and CSR should take an integrated perspective. As outlined in this paper, both CSR and IC are focused on ameliorating argued deficiencies in TFR; namely, the ability to disclose a complete picture of a firm's activities and its true value. In addition, however, there is convergence between IC and CSR concerns, with both CSR and IC interested in issues of sustainability (Cuganesan, 2006). IC focuses more on the sustainability of future economic cash flows through innovation and knowledge flows, while CSR emphasises questions of the environment, society and broader stakeholder groups. This overlap strengthens the case for integration in reporting on these aspects of organisational performance, an agenda that this paper seeks to take on and address through the development of an EPR.

Finally, addressing industry specificity and customising EPR to particular industry sectors is paramount. A growing

trend among industry associations and organisations working towards enhanced corporate reporting is the acknowledgment that generic reporting frameworks provide little benefit. Indeed, as reported by the Global Reporting Initiative (GRI 2002, p. 10) in their 2002 Sustainability Guidelines, "The GRI recognises the limits of a one-size-fits-all approach and the importance of capturing the unique set of issues faced by different industry sectors." The process developed by this paper in developing a customised EPR for the AFBI represents a novel attempt and a first attempt at achieving the objective of industry relevant corporate reporting of both CSR and IC. Future research avenues include the application of the process described to other industries and its ongoing refinement.

This paper attempts to address two major limitations of the TFR framework, that is, that it provides an incomplete picture of a firm's value and an incomplete account of a firm's business activities. It argues that there are benefits in combining reporting frameworks from two literatures, that is ICR and CSR literatures, into an integrated EPR framework. Further, this paper argues the benefits of incorporating industry-specific variables into the EPR framework. The process for developing an industry-specific EPR framework is then described using the AFBI as an example.

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Appendix A – The Extended Performance Reporting Framework for the Australian Food and Beverage Industry

Dimension/Category/Element	Sub-element (where relevant)
INTERNAL CAPITAL	
Intellectual Property	
Infrastructure capital	
Management philosophy, strategy and vision	
Corporate culture	
Management system and processes	
Information systems	
Networking systems	
Financial relations	
EXTERNAL CAPITAL	
Customers	
Brands	
Customer relationships/satisfaction	
Customer loyalty	
Company names	
Distribution channels	
Market share	
Other Stakeholders	
Stakeholder engagement	
Business collaborations/strategic alliances	
Licensing and franchising agreements, joint ventures & mergers	
Favourable contracts	
Supply chain management	
Environment	
Environmental policy and management strategies	
Environmental compliance	
Environmental awards	
Environmental programs	
Materials	
Energy	
Water	
Biodiversity	
Emissions	
Effluents	
Waste	
Packaging management	
Supply chain management of environmental issues	

Social	
CSR policies, management and systems	
CSR committee	
Community programs, initiatives and sponsorships	
Bribery and corruption	
Political contributions	
Animal welfare	
Respect for privacy	
Product responsibility	
Food safety	
	Product safety & quality controls on food safety
	Supply chain management and value chain
	Livestock and crop exotic diseases and pest control
Customer health and wellbeing	
	Variety of products for consumer choice
	Healthy and low fat product options
	Energy and nutritional labelling
	Food allergies and intolerances
	Cultural considerations
	Use of GM ingredients
	Health supplements & nutrition & benefits
	Organics
	Accurate labelling of sources of ingredients
	Use of fertilisers, chemicals & pesticides
	Low alcohol content product options
	Appropriate labelling of alcohol products
Responsible marketing	
	Responsible promotion of products, engagement in consumer education, awareness raising of potential negative impacts of products
	Signatory to codes and guidelines on responsible promotion of products

HUMAN CAPITAL
Employee competence
Work-related knowledge
Education and training
Entrepreneurial spirit
Labour Practices and Decent Work
Employment
Labour/management relations
Health and Safety
Diversity and opportunity
Human Rights
Strategy and management
Non-discrimination
Freedom of association and collective bargaining
Child labour
Forced and compulsory labour