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Values as a Blueprint for Value Creation

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CONTENT

Foreword	1
Executive Summary	5
Opening Remarks	7
Introduction	8
Methodology	17
Findings and Discussion	22
Conclusion	52
Annexures	56

The views and opinions expressed in this report are those of the ALCRL, and should not be attributed to the British High Commission, Old Mutual, Unilever, the ICEAW, the UK Values Alliance, Cebano, or any other persons or organisations.

FOREWORD

I had the pleasure of visiting the Albert Luthuli Centre for Responsible Leadership early in 2015 and meeting the authors of this Report.

I was struck by their foresight in recognising the relevance of responsible leadership in value creation espoused by the South African King III Code and the International Integrated Reporting Council's (IIRC) International Integrated Reporting Framework.

The world's first Diploma in Integrated Reporting developed by the Centre adopts an innovative case study approach which encourages integrated thinking, accountability and challenges traditional views of value, all of which are seen as essential to responsible leadership.

This Report takes those notions a step further by directly linking organisational values and culture with the ability to create value. It considers the question: "How is organisational culture relevant to an organisation's ability to create sustainable value?" In designing their approach, the authors drew on the work of Richard Barrett, specifically his book *The Values-Driven Organisation*.



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Participants at fora in South Africa and London were asked to consider and discuss where their organisations were on Barrett's Seven Levels of Consciousness model. The parameters include survival, relationship, self-esteem, transformation, internal cohesion, making a difference and service – to achieve 'sustainability'.

Having attended the three-hour event in London I was amazed by both the number of people that were present as well as their level of engagement. Inevitably there were differences about what sustainability meant and different conceptions of sustainable value creation, but also a healthy curiosity about how to achieve

a more positive work culture, particularly when it might be justified in terms of better organisational outcomes.

The results of the study, with respect to differences between South Africa and the United Kingdom, indicate that assessment of organisational values in the context of broader societal values.

For example, the relatively high positioning of accountability as a current value in South African companies may reflect a perception that it is not high on the agenda of the country's politicians. Unilever's corporate reporting provides credible evidence that this powerful multinational corporation is committed to significantly redefining what makes a successful business.

So much so that some investors (those who fail to see a link between societal and business value) have questioned the CEO's, (Paul Polman), commitment to creating value for them.

To my mind, the findings of this Report indicate the continual challenges to complex global businesses in realising a commitment to value creation for stakeholders and shareholders. And of course, there's also the challenge of taking the whole - of a complex organisation - on a changed agenda path.

The definition of value creation in integrated reporting allows an organisation with a long-term focus to address significant social and environmental issues, such as climate change, poverty and inequality.

The upshot is that unless more multinationals follow Unilever's example of making a significant commitment to, for example, carbon emissions reduction with an emphasis on the value of human existence on which it depends, sustainability will not follow. Should poverty and the lack of equality in South Africa not be addressed, South African businesses will become uncompetitive.

Dr Carol Adams



There appears to be a gap between value creation and sustainable value creation. We suggest that the way to close this gap is through an organisational value shift from self-interest to self-transcendence.

Round table discussions in South Africa and the United Kingdom provided the opportunity to gather data on the relationship between organisational culture; value creation and sustainable value creation.

The Barrett Values tool defines the culture of an organisation through an examination of the individual and collective values.

Unilever has arguably managed to establish a balance between self-interested value and self-transcendent value.

Delegates participated in a values mapping exercise and were then asked whether Unilever had succeeded in redefining value through their vision.

EXECUTIVE SUMMARY

The delegates partook in the Barrett Values survey and this tool was then used to assist in understanding values and organisational culture.

Round table discussions: How is current culture enhancing or holding back your sustainability agenda, and how could it be different if desired culture is lived?

Unilever's strategy is to double the size of its business while halving its environmental footprint and increasing its positive social impact.

Members of the audience felt that they did not experience their workplace to be supportive of their individual values system.

Delegates were presented with a practical example of how the Barrett Values tool can be used to transform organisational culture.

Cultural transformation was not solely responsible for Old Mutual's good performance but it was a contributing factor.

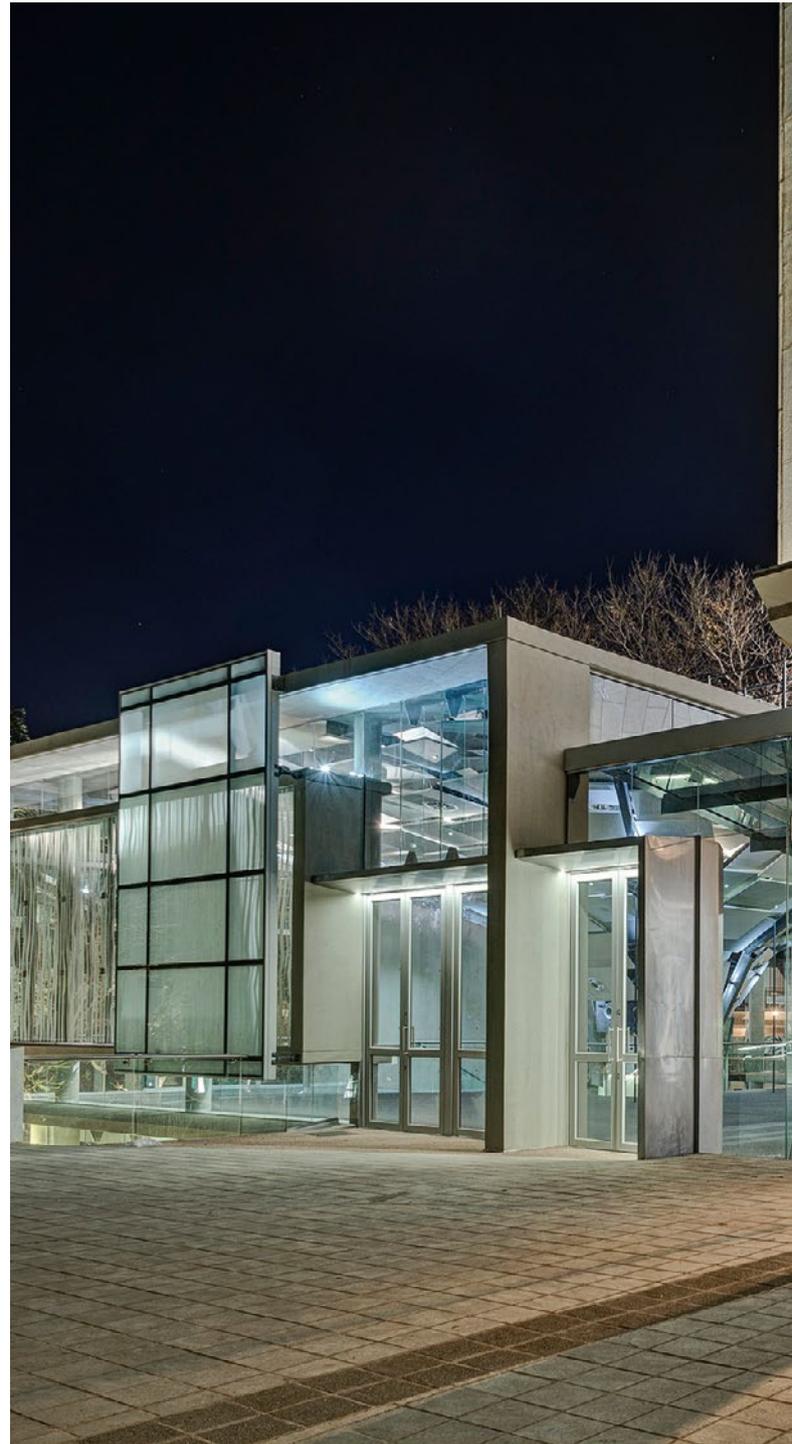
OPENING REMARKS

The Integrated Reporting Programme at the Albert Luthuli Centre for Responsible Leadership (hereafter the ALCRL) received funding from the British High Commission of Pretoria to advance their teaching and research in integrated reporting, with the ultimate goal of establishing a Centre of Excellence in Integrated Reporting.

This funding was used for a number of initiatives within the ALCRL, most notably for a series of events held in Johannesburg in 2015, and London in 2016 entitled, “Values as a Blueprint for Value Creation?”

The purpose of this research report is to present the research performed through the series of events.

We would also like to express our appreciation to Old Mutual, the ICAEW and the UK Values Alliance for their support of this project.





INTRODUCTION

The purpose of the research was to investigate the role that organisational culture (or collective value systems within an organisation) plays in the way that an organisation conceptualises and applies the notion of sustainable value creation.

We suggest that this investigation is of direct relevance to the integrated reporting movement because of the central importance of the concept of value creation within this field.

The primary research question was:

What is the relevance of organisational culture in creating sustainable value?

This research was aimed at exploring practical and constructive approaches to achieving sustainable value creation from the premise that investigating internal culture should precede actions directed towards sustainable value creation. We build on the work of Purser (1994) that proposes:

...the adoption of corporate sustainability principles requires a change in the core assumptions regarding the interdependence of human and ecological systems

An important assumption of this study is that any proposed actions by an organisation to move towards sustainable value creation will be futile if the “core assumptions” regarding the interdependence between human and ecological systems are not changed first. In this Report we investigate organisational culture (or the collective value systems of the organisation) as the proxy for the core assumptions held by an organisation.

The second major focus of the exploration in this research was to interrogate the meaning of sustainable value creation.

In our exploration of sustainable value creation and organisational culture we considered existing academic and industry literature to ensure that previous learnings were not disregarded when new interpretations of (sustainable) value creation were suggested.

The rest of the Report will be structured as follows:

The Introduction will continue by considering the meaning of sustainable value creation, values and organisational culture through a review of existing literature.

The next section will provide an overview of the methodology that was followed during the research. The methodology will explain the approach followed in gathering primary data for this Report. A number of round table events in South Africa and the United Kingdom were organised to firstly

elicit views from relevant audiences on the importance of organisational culture in furthering sustainability agendas, and secondly, to understand their views on sustainable value creation.

The Methodology section will be followed by the Findings and Discussion of the round table events. This section will provide a narrative of the events as they took place in both South Africa and the UK, followed by details of the questions posed to the audience, and the findings and discussion thereof. The Findings and Discussion will consist of three parts. Part I will be concerned with organisational culture, Part II with culture change and Part III sustainable value creation.

The last section will cover conclusions and recommendations.

SUSTAINABLE VALUE CREATION

In this Report we deliberately refer to sustainable value creation, and specifically not to value creation as it is defined within the International <IR> Framework (hereafter referred to as the <IR> Framework). This part of the Introduction will illustrate that the concepts of value creation (as defined in the <IR> Framework) and sustainable value creation (as per academic literature) contain elements that may appear to be contradictory. We suggest that it is crucially important to point out these tensions in order to ensure that we make a constructive contribution to the integrated reporting discourse.

VALUE CREATION AS PER THE <IR> FRAMEWORK

According to the <IR> Framework, integrated reporting is defined as:

A process founded on integrated thinking that results in a periodic integrated report by an organisation about value creation over time and related communications regarding aspects of value creation

As is evident from the definition of integrated reporting, the notion of value creation is a central theme in integrated reporting. Within the context of integrated reporting value creation should be understood as:

The process that results in increases, decreases or transformations of the capitals caused by an organisation's business activities and outputs.

The capitals referred to above are the Six Capitals as conceived within the <IR> Framework. These Six Capitals are:

- Financial capital
- Manufactured capital
- Human capital
- Natural capital
- Social capital
- Intellectual capital

According to the Chairman of the International Integrated Reporting Council (hereafter the IIRC), Professor Mervyn

King, the <IR> Framework provides a broad methodology to enable each individual company to develop its “own particular value creation story” (EY, 2015). By extension this also means that each reporting organisation should apply the <IR> Framework principles to define the meaning of value and value creation within the unique circumstances of that organisation.

During the 2015 EY Integrated Reporting Awards, the adjudicators indicated areas in the reports evaluated for that period that were handled ‘poorly’. The following quote by the adjudicators’ points to a general area of concern relating to the reports evaluated in 2015:

There needs to be more focus on what is most relevant to the companies ability to add value... To do so, company's need to be more specific as to how they define and truly create value.

It would thus seem evident that companies are struggling to define value (and by extension value creation) within the suggested guideline provided by the IIRC in the <IR> Framework. Upon closer scrutiny of the <IR> Framework, a number of insights can be gained as to why this might be the case.

The <IR> Framework states that the providers of financial capital (the intended audience of an integrated report) are primarily concerned with the financial returns that an organisation creates for itself, but may also be interested

in the value that it creates for others only in so far as it affects the value that it can create for itself (IIRC, 2013). The apparent self-interested view described in the preceding paragraph is somewhat ameliorated by the following statement in par 2.9, 'Value is unlikely to be created by the maximisation of one capital while disregarding the others'. This statement, in effect, means that an organisation cannot create value if it overemphasises the creation of financial value over, for instance natural capital stocks.

It is thus largely understandable that producers of integrated reports are struggling to pin down the meaning of value within their organisations because of the following guidelines that may be difficult to understand and harmonise. In the <IR> Framework, value and value creation is:

- To be defined internally within the context of the organisation;
- Contains elements from six different capitals;
- The primary audience is primarily interested in financial capital returns;
- Financial capital returns cannot be created at the expense of the other capitals.

It would appear that the challenges currently experienced by organisations in defining value creation may undermine the credibility of integrated reports that are currently being produced. An integrated report is intended to include all items that are material to value creation, hence it follows

that it will be impossible to determine if all items material to value creation were included in an integrated report if value creation was not specifically defined.

VALUE CREATION (AS PER THE <IR> FRAMEWORK) AND SUSTAINABLE VALUE CREATION

According to the IIRC, the long-term vision for Integrated Reporting is that "through the cycle of integrated thinking and reporting, integrated reporting will become a driving force for financial stability and sustainability".

The generally accepted definition of sustainability stems from the 1987 report, Our Common Future. According to this report, sustainability (or more specifically sustainable development) is defined as 'meeting the needs of the present without compromising future generations to meet their needs'.

According to Gray and Milne (2004), if an organisation wishes to report on its true sustainability performance (in line with the above mentioned 1987 report), it would have to abide to the following requirements in it's reporting:

1. Assist the organisation in directing its activities to achieve environmental justice, or in other words, assist the organisation to limit its use of resources to be within planetary boundaries;



2. Assist the organisation to achieve social justice, or in other words make a fair contribution towards eradicating poverty and establishing universal human rights.

Any form of value creation that also purports to be sustainable value creation has to, by definition, be inclusive of the two necessary conditions listed above. By extension, if integrated reporting is to be a driving force towards sustainability, organisations would have to define value creation in the same way.

Can Value Creation (in terms of the <IR> Framework) be reconciled with sustainable value creation?

According to Gray and Bebbington (2000), the requirements of sustainable development will be “exceptionally unattractive” to strategists and investors because it challenges “major tenets to corporate life”.

According to Gray (2006), organisations are not currently meeting the requirements of sustainability, and a move towards sustainability would require major reform. This reform would have to include:

- A systematic reduction of an organisation's ecological footprint, more specifically it would require a systematic reduction in the absolute amount of resources used, not just efficiency gains;



- A systematic increase in the access which disadvantaged sections of society have to environmental resources;
- A systematic attempt to reverse the increasing disparities in wealth and consumption.

In simpler terms, the requirements of sustainability as suggested by Gray (2006) would require that corporations accept responsibility for social and environmental concerns that are currently outside the boundary of the organisation, even when these issues do not directly impact the organisation's ability to create financial value. More

specifically, Gray suggests that accepting responsibility for these issues may undermine the existence of certain organisations, hence the unpopularity with investors.

In conclusion, the major disparity between sustainable value creation, and value creation (as per the <IR> Framework) is the notion that sustainable value creation has to accept responsibility for issues outside the boundary of the organisation, regardless of whether these impact the organisation's ability to create value or not. The value creation concept as envisaged in integrated reporting does not denote responsibility towards issues outside the

organisation that do not directly affect value creation (that is financial value).

As suggested in the Introduction to this Report, we aim to provide a practical and constructive way to take the conversation of sustainable value creation forward. To do this, we return to Purser (1994) that proposes:

...the adoption of corporate sustainability principles requires a change in the core assumptions regarding the interdependence of human and ecological systems

The next part of the Introduction will focus on organisational culture, or more specifically, the collective value systems of organisations. It is our view that the disparity between value creation and sustainable value creation can only be bridged through a change in organisational values, and that the change in values may help to address how the organisation considers issues that are outside its boundaries, with limited, or no impact on the (financial) value that it creates.

ORGANISATIONAL CULTURE AND SUSTAINABLE VALUE CREATION

Conventional thinking around the purpose of business appears to be in sharp contrast to the concept of sustainable value creation as proposed in this research. This contrast is also described in the “Common Cause” report by the WWF (2010) (Please refer to Annexure B for a summary of this report).

There appears to be a gap between value creation and sustainable value creation. We suggest that the way to close this gap is through an organisational value shift from self-interest to self-transcendence.

The WWF Report is primarily concerned with investigating how our values (as individuals or societies) impact the way that we think about pressing social and environmental problems. The Report proposes that we are likely to find ourselves within one of two broad groupings in terms of our values. The first is self-enhancement or conservation. From this position we are unlikely to show concern for social and environmental problems, unless these directly impact our primary concern, which is to enhance our own financial well-being.

The second position described in the Report is that of self-transcendence or openness. From this position we are more likely to display concern for universal problems that transcend our immediate financial well-being.

The two positions described in the WWF Report broadly correlate with the juxtaposition of value creation (self-enhancement) and sustainable value creation (self-transcendence).

As discussed in the introduction to this Report, we propose to establish a practical and constructive process to approach sustainable value creation. We aim to achieve this through the investigation of the relationship between organisational culture and sustainable value creation.

The major proposition of this study is therefore that any approach attempting to establish sustainable value creation within an organisation should be preceded by gaining an understanding of the existing culture (or collective values) of an organisation. We posit that any attempt to establish sustainable value creation will be fruitless if the underlying value system fails to support sustainable value creation.

Furthermore, given that the majority of organisations are not currently creating sustainable value, (Meadows et al, 2004) meaningful levels of cultural change must take place before sustainable value creation will become possible.





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Round table discussions in South Africa and the United Kingdom provided the opportunity to gather data on the relationship between organisational culture; value creation and sustainable value creation.

METHODOLOGY

RESEARCH DESIGN

As stated in the introduction, the primary research question of the study is:

What is the relevance of organisational culture in creating sustainable value?

The research was an explorative study with the aim to better understand and describe the relevance of organisational culture in sustainable value creation. Please refer to Annexure D for a short review of academic literature that investigated a similar phenomenon. This research used both secondary and primary sources to answer the research question. The Introduction provided a definition of sustainable value creation and illustrated the relevance of organisational culture to value creation through the review of secondary sources. The primary data gathering in this research occurred through interactions with audiences in South Africa and the United Kingdom. Unilever was used as a case study in this research because of its reputation

as the world's most sustainable company (Globescan and SustainAbility, 2015). Furthermore, the case of Unilever provides us with the best possible opportunity to gain insight as to what sustainable value creation may look like in a practical scenario.

Through this interaction we gathered views from these audiences on:

- Elements of organisational culture that may inhibit or advance sustainable value creation within organisations;
- Whether the vision and actions of Unilever can be seen as a redefinition of (value) creation towards sustainable value creation.

WHY THE STUDY INCLUDED SOUTH AFRICAN AND UNITED KINGDOM AUDIENCES

The research project was funded by the British High Commission in Pretoria (Prosperity Fund) with the objective that both SA and UK audiences should benefit from the research. To achieve this objective, a decision was made to gather data by engaging with SA and UK audiences directly in the form of interactive round table discussions.

Data was therefore effectively crowd-sourced from relevant stakeholders and this translates to the gathering of data from two discreet audiences.

The findings are therefore discussed in terms of the perspectives from both SA and UK audiences. We also found that a comparison of the SA and UK data yielded meaningful findings that will be useful in taking the debate on sustainable value creation forward in both countries.

THE AUDIENCES

EVENTS IN SOUTH AFRICA

The ALCRL hosted a number of events on integrated reporting over the last three years. During this period an extensive contact database of academics; accountants; civil servants and members from the NGO sector have been gathered. E-mail invitations to the round table discussion events in SA were distributed throughout this network. Given that the events were kindly hosted by PwC (South Africa) in Johannesburg, PwC also agreed to distribute the invitations to their clients. There was an average of 70 participants for each of the two events in South Africa.

EVENTS IN THE UK

The UK event was hosted by the Institute for Chartered Accountants England and Wales (ICAEW) in London. Two events were originally planned; however, these were consolidated into one event for logistical reasons. The ICAEW kindly distributed e-mail invitations to all of their members. Old Mutual also distributed e-mail invitations internally, given their involvement in the events. The UK Values Alliance also supported the project and e-mail

The delegates partook in the Barrett Values survey and this tool was then used to assist in understanding values and organisational culture.

invitations were circulated to their members. A total of 80 people attended the event in London.

STRATEGY FOR GATHERING DATA

The round table discussion events in SA and the UK were designed with the dual purpose of sharing and gathering information. The events were structured to first allow for presentations and then for questions and group discussions.

Groups of between 4 and 10 people were gathered around tables and a facilitator was appointed to each, with the purpose of facilitating and recording the discussions. The facilitator's notes were the primary data source used in the data analysis and the facilitators were briefed before each event regarding the content of the event and the questions that would be posed. The facilitators were also responsible for presenting feedback to the rest of the audience regarding the discussions at their tables.

ACTUAL STRUCTURE OF THE EVENTS

There are a number of cultural assessment tools available in the market. For the purposes of this research project, the decision was made to utilise the work of the Barrett Values Centre (BVC). The Barrett Values tool has been successfully

used by a wide range of organisations internationally to assist in understanding organisational culture and to assist with the process of a cultural transformation (Refer to the Findings and Discussion section for a description of the Barrett Values tool).

As part of the process of sharing information, and in anticipation of the group discussions, the audiences were asked to take part in the Barrett Values Survey a week before the events.

This was done to gather information about the individual values of the audience members but also to provide them with a first-hand experience of the tool.

Part I of the events started with a presentation by a qualified Barrett's facilitator, on the theory and methodology of the BVC.

The results of the actual survey completed by the audiences were then used to illustrate how the BVC tool would typically work in an organisational context.

This discussion was designed to give the audience sufficient information to enable fruitful examination of the questions posed to the audience.

Delegates participated in a values mapping exercise and were then asked whether Unilever had succeeded in redefining value through their vision.

The first set of questions were as follows:

1. How is current culture (portrayed as values and described in the results of the Barrett's survey) enhancing or holding back your sustainability agenda? In other words, what current values can enhance or hold back sustainability?
2. How could it be different if the desired culture (as found in the Barrett's survey) is lived?

These questions were discussed in a round table format, followed by a feedback session where the audience was given the opportunity to interact with their respective facilitators, and each other, regarding their views on the questions posed.

Facilitators took detailed notes of the discussions at their respective tables. The presentation and discussion on the BVC is collectively considered Part 1 of the Findings and Discussion section of this Report.

After feedback on Part I was concluded, Part II of the event focused on the Old Mutual case study. The purpose of Part II was to provide the audience with practical examples explaining how the Barrett Values tool can be used in an organisation to drive transformation in organisational culture.

Part II did not contain group discussions and feedback - its purpose was simply to illustrate that cultural transformation within an organisation can be achieved.

The Unilever case study was presented to the audience in Part III. Based on the information provided to the audience about Unilever, participants were asked to map the Unilever vision on the Barrett's Seven Levels of Consciousness Model.

This thought exercise was meant to stimulate the thinking of the audience about how an organisation and its goals (vision) relates to different organisation values.

Participants were then asked to consider the following question in their groups:

3. Has Unilever succeeded in redefining value through their vision?

Delegates were presented with a practical example of how the Barrett Values tool can be used to transform organisational culture.

ALLOCATIONS OF GROUPS FOR ROUND TABLE DISCUSSIONS

In order to ensure diverse and rich conversations within all of the groups, we aimed to include perspectives from all four primary working categories that we had identified, which were: academic institutions; private organisations; public organisations and others; and accounting firms and consultants.

Audience members were allocated to groups (tables) in such a way as to target as much representation across these sectors as possible.

DATA COLLECTION

The data for the research was gathered in two ways.

BVC tool survey

The results of the BVC tool survey completed by the audience prior to the events were not intended to answer the research questions specifically, but rather to investigate, and illustrate the varying perspectives of the South African and UK audiences.

Facilitator notes

Data was also gathered by the facilitators, who took notes of the group discussions during Part I and Part III of the events.

DATA ANALYSIS

Before the events took place, facilitators were briefed to carefully observe discussions and to capture these discussions in detailed notes. These field notes were used to provide the answers to the questions discussed at each table. The field notes were then analysed to identify recurring themes.

ETHICAL CONSIDERATIONS

At the outset of the study, ethical clearance was obtained through the University of Pretoria's Internal Research Ethics Committee. All participants were requested to complete a Consent Form in order to provide the researchers with permission to use the views captured through these discussions for research purposes.

The Consent Forms also confirmed that participants agreed to take part in the research anonymously.



FINDINGS AND DISCUSSION

TABLE OF CONTENTS

Introductory Remarks	23
Part I – Presentation on Barrett Values and organisational culture	23
Understanding Culture	23
Value Creation and Culture	23
The Five Phase Culture Shift Model – from Cebano	25
The Barrett Values Tool	28
Part I - Findings and discussion	32
Question 1 (a)	33
Question 1 (b)	35
Question 2	36
Part II - Case Study – Old Mutual	37
Part III – Narrative of presentation on Unilever	39
Introductory remarks	39
The Unilever case	40
Part III – Findings and discussion	47
Mapping Unilever onto Barrett	47
Question 3	49

INTRODUCTORY REMARKS

The Findings and Discussion section of this Report will be combined with a narrative of the events in South Africa and the United Kingdom. This approach will enable the reader to attain context to the questions posed, in the same way that the audience did when attending the events. The Findings and Discussion section will be structured as follows:

PART I

- Narrative of presentation on Barrett Values and organisational culture;
- Findings and discussion of questions posed to the audience regarding organisational culture (The Findings and Discussion of the Barrett survey completed by SA and UK audiences can be viewed in Annexure D).

PART II

- Narrative of the presentation by Old Mutual Group on cultural transformation.

PART III

- Narrative of the presentation on Unilever;

Findings and discussion on the questions posed on Unilever and redefining value creation.

PART I – PRESENTATION ON BARRETT VALUES AND ORGANISATIONAL CULTURE

UNDERSTANDING CULTURE

This element of the round table discussions was conducted by Llewellyn de Jager of Cebano, a South African based Organisational Change Consulting Practice.

VALUE CREATION AND CULTURE

In his presentation, Mr de Jager provided initial insights into the definition of value creation, from the perspective of corporate culture and organisational value systems:



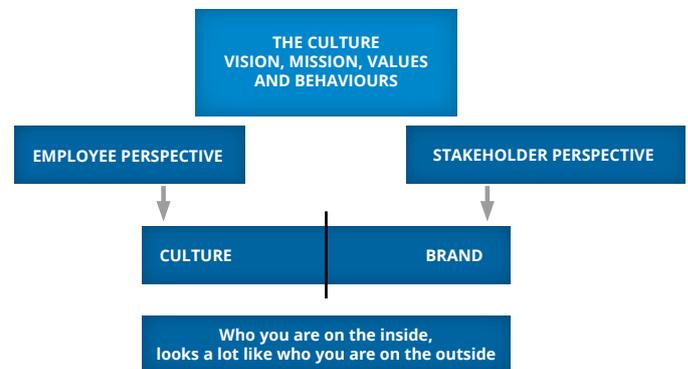
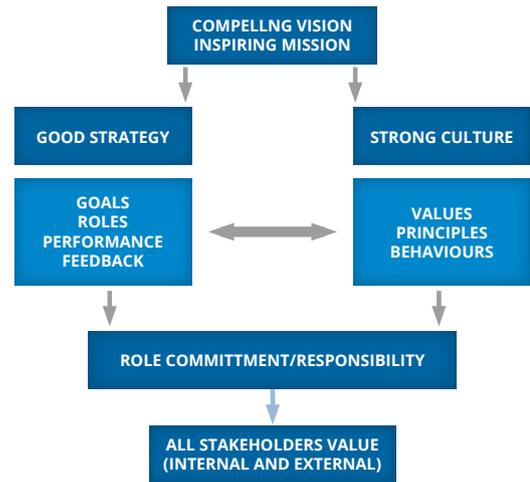
This definition would appear to suggest that value creation does not depend solely on the capability that exists within organisations or individuals, or on established value creation mechanisms, but also on an intangible linkage between the two. This can be said to be the affinity that individuals feel within their respective organisations.

ORGANISATIONAL CULTURE VERSUS ORGANISATIONAL STRATEGY

Mr de Jager proposed that the culture of an organisation (or group of individuals) might be considered as a reflection of the values, beliefs and behaviours of the organisation's leaders, past and present. It might also be phrased as representing "the way things are done around here".

In terms of value creation for stakeholders, the interrelation between organisational culture and organisational strategy might be expressed as follows:

In contrast to organisational culture, organisational strategy can be considered to be far more tangible, as it relates to an organisation's objectives, the roles of various individuals in achieving these objectives, and the performance of these individuals in the context of the organisation as a whole, against these objectives. Organisational culture can also be closely associated with the "brand" of a particular organisation, based on the perceptions on the part of the individuals within an organisation, as well as those of its key stakeholders.



THE FIVE PHASE CULTURE SHIFT MODEL – FROM CEBANO

In order to effectively categorise organisations, and describe the means by which their culture might develop or evolve over time, Cebano has developed a Five Phase Culture Shift Model, as described below.

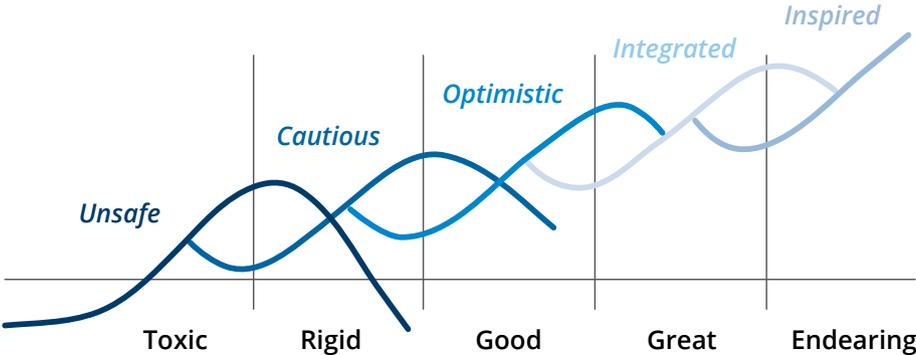
Within this model, each development phase of an organisation’s culture can be associated with a number of specific perceptions and behaviours. This model provides insight on a number of different levels, for example:

- the manner in which individuals, both internal and external to an organisation, might view that organisation;

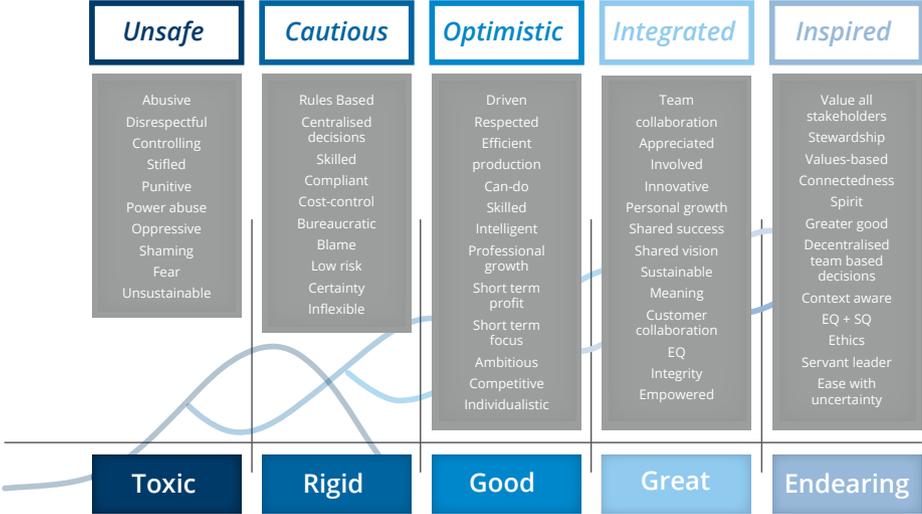
- the manner in which the management of an organisation might treat the individuals operating below them;
- the manner in which management representatives view themselves, and the degree of emphasis placed on sustainability-related issues, such as integrated reporting.

According to Cebano, the Five Phase Culture Shift model can be effectively applied in the integrated reporting context. Integration as contemplated within the <IR> Framework is the result of a highly evolved culture. This insight implies that a high level of integration is only possible if an organisation has successfully evolved through all the preceding levels of culture.

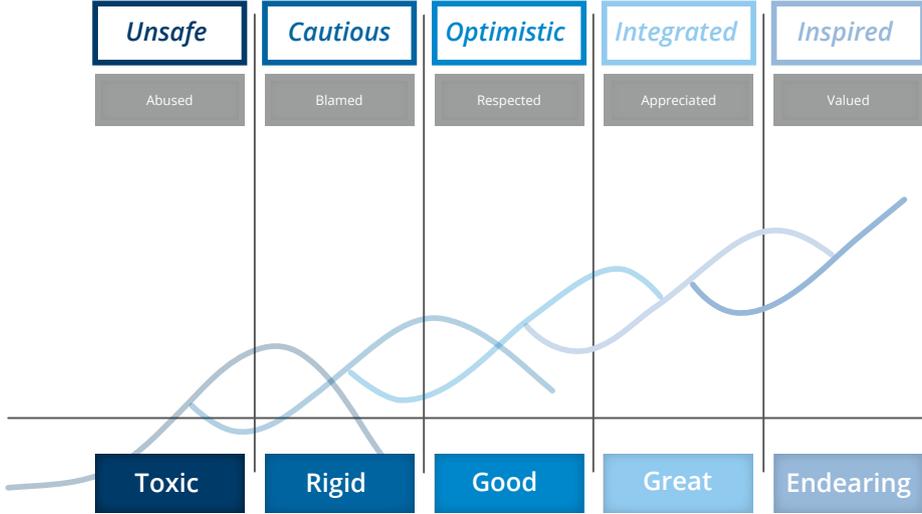
Progressive Success through Culture Shift®



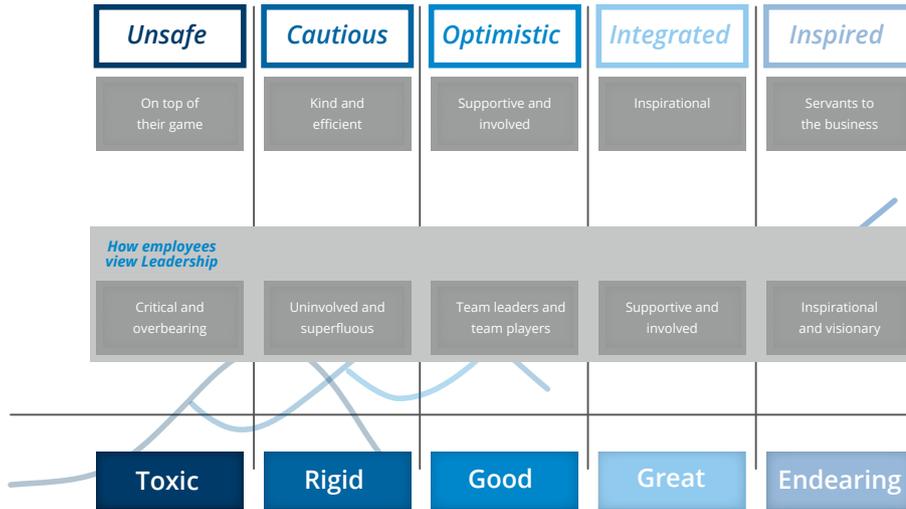
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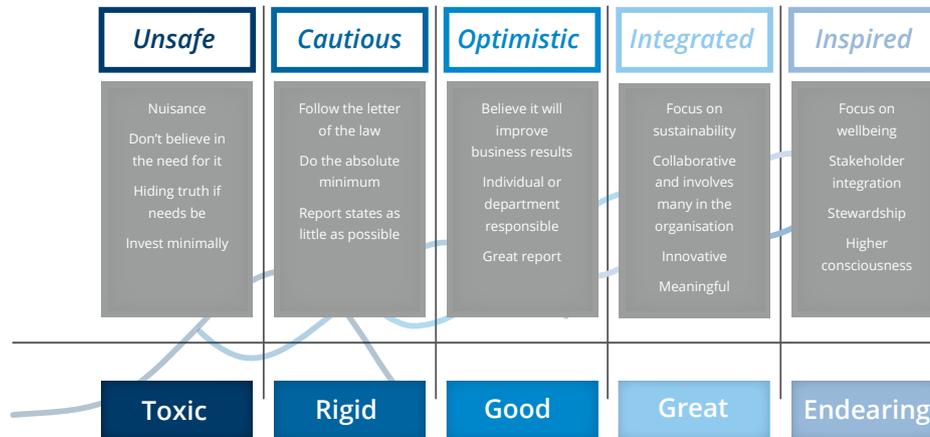
How Employees are treated



How *Leadership* view themselves



View on *Integrated reporting* to enhance sustainability



(Source: Cebano, www.cebaone.co.za)

The Barrett Values tool defines the culture of an organisation through an examination of the individual and collective values.

THE BARRETT VALUES TOOL

In the field of Organisational Change Management, a number of tools exist to map both the existing culture of an organisation and the desired culture that internal and external stakeholders would like the organisation to reflect. One of these tools is the Barrett Values tool, which is designed to define the culture of an organisation, through an examination of the individual and collective values, both current and desired, that are present within any organisation.

Cebano is an accredited and experienced facilitator for the Barrett Values tool, with extensive experience of applying the tool in a variety of corporate and other organisational environments in South Africa.

The Barrett Values tool is based on the work of Richard Barrett, and his book entitled *The Values-Driven Organisation*. Encountering the tool for the first time, it would appear to contain a number of the elements that form part of Maslow's Hierarchy of Needs model.

It identifies seven levels of consciousness, identifiable within organisations and individuals, each one corresponding to a set of values and behaviours.

Within the Barrett tool, the behaviours and values exhibited at levels one to three would primarily be inward looking and driven by individual or organisational self-interest, with level four as a transformational one, where emphasis shifts from this inward focus and self-interest to an outward focus on issues of "the common good", or the interests of stakeholders external to the organisation or individuals.

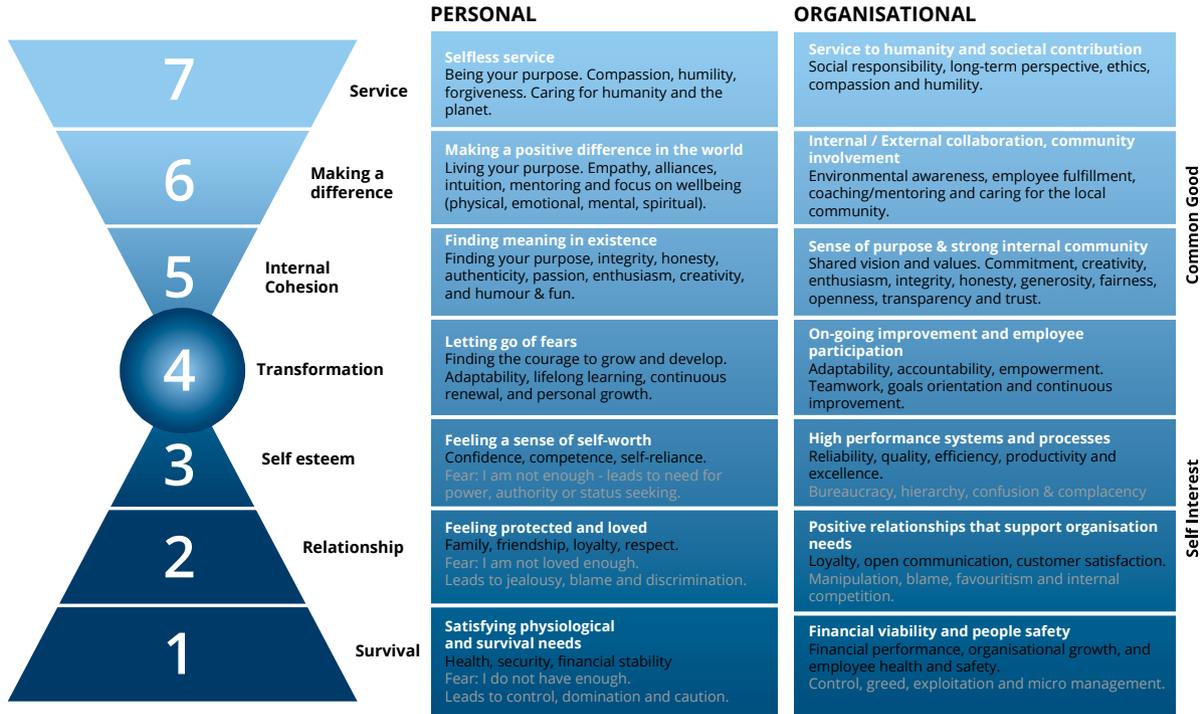
At Levels Five to Seven, there are increasing degrees of outward looking focus where emphasis would be placed on the interests of external stakeholders.

When applying the Barrett Values tool within an organisation, stakeholders (usually internal stakeholders such as employees and management representatives) are firstly required to select a limited number of personal values from an exhaustive list.

They are then required to repeat this selection exercise in terms of both the existing culture of an organisation, and the culture that they would like to see within the organisation.

The results of this selection exercise are combined and collated for all surveyed stakeholders, resulting in a selection of the most common personal values, current organisational values, and desired organisational values.

Seven Levels of Consciousness



(Source: Barrett Values Centre, www.valuescentre.com)

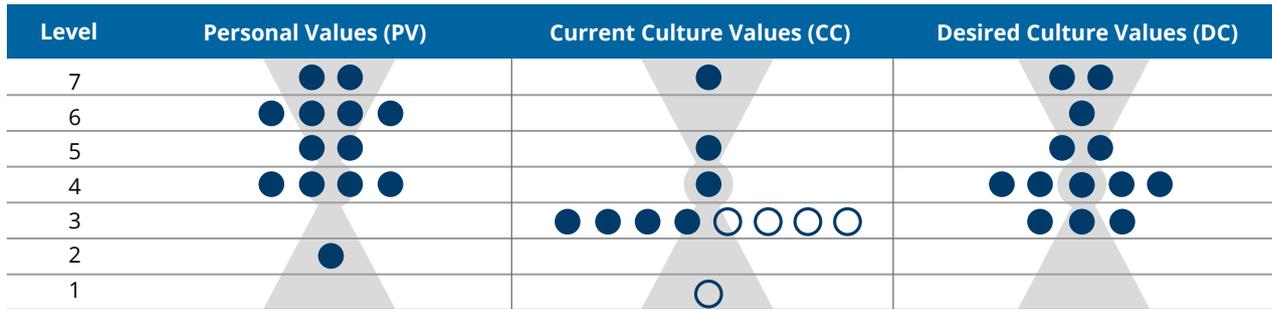
Positive Focus/Excessive Focus

Finally, these values are plotted against the seven levels of consciousness defined by the Barrett Values tool, in order to define the levels at which the majority of stakeholders operate at a personal levels, as well as the level at which the organisation currently operates, and the level at which stakeholders wish to see it operate. The illustrated diagram below is the result of the survey completed by the South African audience before the commencement of the event, and is used here as a practical example.

Based on the distribution of values (the blue dots) across the various levels of consciousness, the Barrett Values tool can identify the degree of congruence or disconnect between personal values, current organisational values and desired organisational values.

In general, a high degree of overlap between these three elements would point to the fact that the organisation's values accurately reflect those of its stakeholders, and that the values of the organisation

Total responses to the survey performed in South Africa



<i>ethics</i>	20	7	cost reduction (L)	18	1	<i>accountability</i>	22	4
<i>accountability</i>	17	4	bureaucracy (L)	15	3	long-term perspective	14	7
<i>integrity</i>	17	5	professionalism	15	3	adaptability	13	4
well-being (physical/emotional/ mental/spiritual)	17	6	<i>accountability</i>	13	4	continuous improvement	13	4
continuous learning	16	4	results orientation	13	3	<i>brand image</i>	12	3
family	14	2	<i>brand image</i>	11	3	innovation	12	4
leadership	14	6	<i>excellence</i>	11	3	<i>integrity</i>	11	5
making a difference	14	6	silos mentality (L)	11	3	teamwork	11	4
independence	12	4	<i>ethics</i>	10	7	<i>ethics</i>	10	7
balance (home/work)	11	4	hierarchy (L)	10	3	<i>excellence</i>	10	3
coaching/mentoring	11	6	<i>integrity</i>	10	5	quality	10	3
compassion	11	7	long hours (L)	10	3	shared vision	10	5
fairness	11	5				sustainability	10	6

The first figure indicates the number of times that the value was selected by the respondents, and the second figure indicates the Barrett level.

do not require a significant degree of change. In the South African example, the words ethics, accountability and integrity appear in all three of the plots. This points to some congruence between personal, current and desired value and is a positive indicator when approaching cultural change.

Furthermore, from an organisational culture perspective, the Barrett Values tool can be applied to measure the degree of “cultural entropy” that exists within an organisation. In scientific terms, entropy refers to the degree of disorder or unused energy that exists within a system; in the context of organisational culture, it might be considered as the degree of negative perception, wasted effort or unwillingness to change, that can be observed within an organisation. The overall cultural entropy score for the South African sample was 27%. A score between 20% and 30% would generally

point to significant issues that require cultural and structural transformation. The Barrett Values tool provides certain thresholds within entropy scores that point to various degrees of disorder, as illustrated in the graphic:

The measurement of this level of cultural entropy takes place through the identification of negative perceptions of an organisation on the part of stakeholders. These negative perceptions are expressed in terms of the prevalence of negative or “limiting values” within the organisation. In general, a high incidence of these limiting values point to a high degree of cultural entropy within an organisation. In practical terms, a high entropy score would point to a lot of wasted energy within an organisation. Within an organisation undergoing cultural transformation, a declining entropy score would generally point towards a positive cultural change within that organisation. In the

Entropy Risk Bands

Less than 10%:	PRIME : Healthy functioning
11% - 20%:	MINOR ISSUES : Requiring cultural and structural adjustments
21% - 30%:	SIGNIFICANT ISSUES : Requiring cultural and structural transformation and leadership
31% - 40%:	SERIOUS ISSUES : Requiring cultural and structural transformation, leadership mentoring/coaching and leadership development
41% - 50%:	CRITICAL ISSUES : Requiring cultural and structural transformation, selective changes in leadership mentoring/coaching and leadership development
More than 50%:	CULTURAL CRISIS : For private sector or corporations, high risk of Bankruptcy, takeover or implosion

Round table discussions:
How is current culture enhancing
or holding back your sustainability
agenda, and how could it be
different if desired culture is lived?

South African example, the negative values are indicated with a white dot, and in the list of values, the value itself is followed by (L), pointing to limiting.

A further observation from the South African example referred to above, is the fact that the desired values are higher up on the Barrett levels of consciousness than the existing values. This trend is common when performing Barrett surveys and points to the fact that employees desire the organisation to be more outward looking rather than being solely focussed on internal issues like higher profits and lower costs.

It is also important to note that the limiting values disappear between the current and desired plots, since it is unlikely that employees would desire limiting values for the organisation in which they work.

It is however important to note that organisational culture should be well balanced. Intuitively the perception is that a culture that is focussed on the higher order (outward looking) values is by implication also desirable. The problem with this view is that an organisation (like an NGO) focussed on societal (self-transcendent) goals will not survive if it does not take care of its financial self-interest as well.

The same can be said for 'for-profit' organisations. If they only focus on internal issues they may lose touch with customers or other important stakeholders, to their detriment. The ideal plot would thus show a good distribution of values across all the levels of consciousness.

In a practical scenario, the issues mentioned here are but a number of indicators that are available when using the Barrett Values tool. For the purposes of this Report, the discussion above will suffice.

PART I - FINDINGS AND DISCUSSION

After the presentation by Llewelyn de Jager on the Barrett Values tool and the results of the survey, participants were asked to discuss two questions based on the results of the survey that were presented to them:

1. How is current culture enhancing or holding back your sustainability agenda?
2. How could it be different if the desired culture is lived?

Question 1 asked participants to look at the values that were identified as being currently observed in the organisations they work for, for their specific sample.

Furthermore, Question 1 could be divided into two parts, with part (a) being a description of the kind of values that will enhance the sustainability agenda in an organisation and part (b) being a description of the values that hinder the sustainability agenda.

For each question, a summary of the overall findings in South Africa and the United Kingdom is presented in a table format. The table is followed by a narrative discussion of the findings.

QUESTION 1 (A)

Table 1

Note: The percentage figure indicates the percentage of delegate tables that discussed the same theme.

OVERALL IMPRESSIONS

In the introduction to this Report, it was noted that sustainable value creation will most likely be associated with the position of self-transcendence. The idea of self-transcendence broadly correlated with levels 5-7 on the Barrett Seven Levels of Consciousness. The expectation that values that enhance sustainable value creation will fit into levels 5-7 appears to have been largely supported by the findings presented in Table 1.

The most notable exceptions here are accountability and teamwork, which sits at level four, and is seen as the transformational level according to the Barrett System.

Q 1 (A): How is current culture values enhancing your sustainability agenda?	Barrett value level	UK average	Barrett value level	SA average
General comments:				
Questions around the meaning of sustainability		25%		10%
Need to understand context in order to answer the question		25%		0%
Is Barrett a tool for engagement or decision-making?		13%		0%
Enhancing values:				
Integrity	5	63%	5	20%
Global leadership	7	63%	7	10%
Creativity & Innovation	5	75%	5	20%
Accountability	4	0%	4	50%
Making a difference	6	38%	6	10%
Long-term focus	7	0%	7	30%
Ethics	7	0%	7	30%
Teamwork	4	0%	4	30%
Customer satisfaction	2	13%	2	0%
Efficiency	3	0%	3	10%

It is however interesting to note that the values of customer satisfaction and efficiency were also perceived to be values that enhance sustainability, even though they would fit into the self-interest category.

This may be explained by some uncertainty around what the concept of sustainability is really meant to denote. If viewed from a financial sustainability perspective it is self-

evident that customer satisfaction and efficiency may support this type of sustainability, even though it might not be thus regarded from an environmental and social perspective. (See Gray (2006) regarding views on the role of efficiency towards environmental sustainability.)

South African and United Kingdom-specific observations in Table 1 indicate that a total of nine values were mentioned as values that are present (in the current cultures of SA and UK organisations) that can enhance the sustainability agenda.

It is interesting to note that there was very little agreement between the UK and SA audiences in terms of current culture observed, that would enhance the sustainability agenda. It must also be noted that three themes formed a prominent part of the UK conversations, whereas these had little traction in South African conversations. These were: integrity; creativity and innovation; and global leadership.

The theme of global leadership was also reflected within the current culture in the UK Barrett plot, whilst this was not a value that was observed in the SA plot.

Interestingly, in the UK, global leadership was not reflected as a desired value. There is a certain level of contradiction in this finding as it appears that although the UK audience appeared to regard global leadership as very important to advance sustainability, it is not a value that is observed within their desired values.

It could also indicate that the UK audience feel that they already have this value in place. In South Africa the accountability theme formed a much bigger part (50% versus 0% in the UK) of the “enhancing” conversation.

This might indicate that there is a stronger awareness of accountability (or a possible perceived desire for awareness) in South Africa compared to the UK.



QUESTION 1 (B)

Table 2

Note: The percentage figure indicates the percentage of delegate tables that discussed the same theme.

OVERALL IMPRESSIONS

As discussed in question 1(a) (values that enhance the sustainability agenda), we will use the broad frames of self-interest vs self-transcendence to interpret the value observed in this section. It is evident that all the values that were identified as holding back the sustainability agenda sit within levels 1 to 3 on Barrett's Seven Levels of Consciousness.

According to Barrett these levels denote an internal, self-interested focus. This finding also supports the argument in the introduction of this Report that self-interested values are not likely to resonate with the notion of sustainable value creation.

Other relevant observations here include the fact that the audience observed limited congruence between personal values and current organisational culture. This points to the reality that the audience felt that they did not experience their workplace as supportive of their respective value systems.

Members of the audience felt that they did not experience their workplace to be supportive of their individual values system.

Q 1 (B): How is current culture values holding back your sustainability agenda?	Barrett value level	UK average	Barrett value level	SA average
General comments:				
Diffusion - limited amount of coherence in values/ Few matches between personal values and current		38%		30%
Nobody wants to BE the change		25%		20%
Missing from current Values: curiosity; family; trust;		0%		10%

Values holding back:				
Bureaucracy	3	63%	3	90%
Short-term focus	1	63%	1	40%
Results-orientation	3	63%	3	30%
Focus on brand image	3	50%	3	20%
Cost-reduction	1	0%	1	60%
Silo-mentality, internal competition and information holding	3	13%	3	100%
Blame	2	0%	2	40%
Survival orientated	1	0%	1	30%
Exploitation	1	0%	1	30%
Fear/ Job-insecurity	1	0%	1	30%
Complacency	3	0%	3	30%
Long hours	3	0%	3	20%
Lack of creativity	(5)	0%	(5)	20%

SOUTH AFRICAN AND UNITED KINGDOM
SPECIFIC OBSERVATIONS

Table 2 summarises the themes discussed in the groups as values that hinder the sustainability agenda. With regard to values that inhibit the sustainability agenda of organisations, the areas where there were the greatest level of consensus between the UK and SA delegates was regarding those of bureaucracy and short-term focus. It is noteworthy that in terms of values that would enhance the sustainability agenda, the list of negative themes is much longer than the list of positive themes. It should also be highlighted that many of these hindering values or negative themes only appeared in the South African conversations. The following themes were mentioned in the SA discussions that did not appear in the UK discussions and results: blame; exploitation; long hours; fear and complacency.

Overall, the South African conversations were significantly more negative than the conversations in the UK. The South African audiences organically focused on the hindering values in 75% of the conversations. Only 25% of the South African discussions focused on the enhancing (positive) themes. In the UK there was a much better balance between the negative (57%) and positive (43%) discussions.

Question 1 asked the audiences to discuss both values that they identified as enhancing (positive), and hindering (negative). The significance of this finding is that the South African audience organically discussed negative themes in the vast majority of their conversations, and this might

be indicative of a broader culture of negativity that is constraining the advance of the sustainability agenda in South Africa.

Question 2 of the research asked whether anything would be different if the desired values, as chosen by the audiences, were lived. The part of the question that asked “would it be different”, was explained to the audience to mean: Would the sustainability agenda be better served if the desired culture was lived?

QUESTION 2

Note: The percentage figure indicates the percentage of delegate tables that discussed the same theme.

Q 2: How could it be different if the desired culture is lived?		UK average		SA average
Move from customer satisfaction to customer engagement/collaboration	6	88%	6	30%
Engagement & accountability	5	38%	5	70%
Holistic thinking	7	50%	7	40%
Stronger innovation	4	50%	4	30%
Long-term focus	7	50%	7	30%
Higher levels of consciousness	7	13%	7	50%
Less focus on image/ brand	(3)	25%	(3)	40%
Team perspective	4	25%	4	30%
Better communication / transparency	5	0%	5	40%
Customer satisfaction	2	0%	2	30%
Less fear	(1)	0%	(1)	30%

OVERALL IMPRESSIONS

This question confirmed the trend that values that support sustainable value creation will fit into levels 5 to 7 of Barrett's Seven Levels of Consciousness. These values will also support the idea of self-transcendence as discussed in the Introduction to the Report.

A notable shift between the current and desired values are concepts like holistic thinking and higher levels of consciousness. These two values exhibit a strong alignment with the concept of self-transcendence, adding further credence to the idea that self-transcendence is a crucial requirement in the process of sustainable value creation.

SOUTH AFRICAN AND UNITED KINGDOM SPECIFIC OBSERVATIONS

Table 3 presents the findings from the two groups of discussions on the second question. Table 3 illustrates that the greatest areas of consensus around desired culture between the SA and UK audiences were around those of holistic thinking, strong innovation and long-term focus. This translates to the idea that audiences in South Africa and the UK believe that the values - holistic thinking; strong innovation and long-term focus - are important for achieving sustainability.

Furthermore it is interesting to note that the UK audience tended to use the themes "engagement and accountability" as a unified concept, whereas the South African audience kept accountability separate. More importantly, the SA

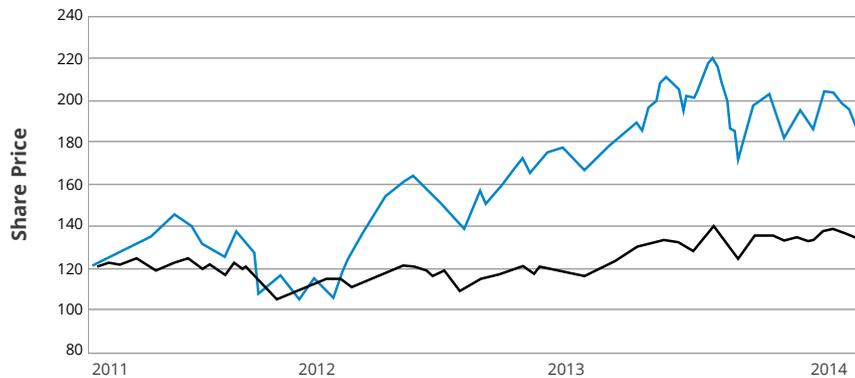
audience placed a much larger emphasis on accountability than the UK audience (SA 70% vs UK 38%). This finding also confirms the observations made in Question 1 (a) where 50% of the SA audience noted accountability to be a current value that would enhance sustainability, and it wasn't listed in the UK discussions at all.

Also, as part of the discussion around desired culture in UK organisations, the UK audience placed a strong emphasis on the value of customer collaboration as compared with the SA conversations that focussed on customer satisfaction. This indicates that the UK audience placed a stronger emphasis on a stakeholder-inclusive model. This is quite an interesting observation as King III - the South African Corporate Governance code - endorses the stakeholder-inclusive model, hence we would have expected to find this observation in the South African audience.

PART II - CASE STUDY – OLD MUTUAL

Old Mutual is one of South Africa's oldest and most well-established financial services companies, operating in the investment, savings, assurance, asset management and banking sectors in Africa, Europe, Asia and the Americas.

In South Africa, the Old Mutual case study was presented by Rene Swart of the University of Pretoria's Albert Luthuli Centre for Responsible Leadership. The London workshop was presented by Liz Murphy, Old Mutual's Group Head of Talent and Culture, and Patrick Bowes, the company's Director of External Communications.



Cultural transformation was not solely responsible for Old Mutual's good performance but it was a contributing factor.

Over the past several years, Old Mutual has focused on developing healthy, high performing cultures in its businesses. In 2007, Old Mutual's vision was expressed as becoming the 'Top 10 in 10' in other words being one of the top 10 financial services companies in the world within 10 years.

In 2010, however, the company transformed its vision into one of 'Becoming our customers' most trusted partner, passionate about helping them achieve their lifetime financial goals'.

In line with this vision, the company clarified its values into leadership behaviours, in order to define what they might look like in pursuit of the company's new customer-centric vision. At the same time, the Barrett Culture and Values Assessment was introduced to track the shift in culture towards reflecting the desired values and behaviour.

In 2011, the culture in Old Mutual's top leadership group included the limiting values of short-term focus, bureaucracy, an internal focus and an avoidance of tough conversations.

By 2013, however, values and behaviours - such as accountability, customer-centricity, integrity and teamwork - were increasingly selected by the leaders to describe the company's culture. Furthermore, between 2011 and 2013, each of the limiting values was eliminated from the top 10 descriptions of the culture, while cultural entropy was significantly reduced.

During these first three years of significant culture change at the top of the organisation, Old Mutual's share price consistently outperformed the FTSE100 index, as can be seen by the graph above.

Old Mutual did not suggest that the cultural transformation was solely responsible for the company's good performance, but rather that it was a contributing factor.

In spite of the successes achieved by Old Mutual over the past several years, it appears that a number of key challenges remain, including:

The maintenance of a long-term focus in the face of shorter-term pressures;

- An avoidance of over-focusing on metrics and targets as proxies for organisational culture and values;
- Resisting the temptation to focus only on making the company a 'great place to work' as opposed to focusing on the highest levels of corporate performance; and
- Dealing with the impacts arising from externalities to which the company is subject.

In summary, a number of key messages and lessons can be deduced from the process undergone by Old Mutual in changing its organisational culture and sharpening its focus on its core values, as follows:

- Cultural transformation will not be possible without strong leadership support;
- The Barrett Values System was instrumental in bringing the language of culture and values into the language and consciousness of their leaders;

- The Barrett Values System has assisted the company to "have the tough conversations";
- Barrett is a tool towards cultural transformation, not the final solution; and
- Transformation takes time.

PART III – NARRATIVE OF PRESENTATION ON UNILEVER

INTRODUCTORY REMARKS

This part of the event was presented by Pieter Conradie, Programme Director: Integrated Reporting at the Albert Luthuli Centre for Responsible Leadership (University of Pretoria).

Over the past several decades, Unilever – one of the world's leading food, health care and fast-moving consumer goods (FMCG) companies – has established a reputation for leadership in areas related to corporate social responsibility and ecological footprint reduction (Globescan and SustainAbility, 2015). Under the leadership of global CEO Paul Polman, the company has positioned itself as one of the most sustainable corporate organisations on the planet, and has publicly set itself the objective of integrating sustainability into all its activities, and of "making sustainable living commonplace".

The widely-held perception of Unilever as the world's most sustainable company, according to a survey of experts in the field is the principal reason that the company was selected

as a case study relevant to this research. More specifically, Unilever's ambitious Vision to double their revenue, to halve their environmental impact and to have a positive impact on society provides a plethora of information that can stimulate discussions about redefining value creation.

According to the Unilever global website, approximately 2 billion people across 190 countries make use of the company's products on a daily basis.

The company employs 172,000 people globally, and generated sales of 48.4 billion Euro in 2014. Its brands include some of the most recognisable names in the world.

Unilever's Corporate Purpose states that success requires "the highest standards of corporate behaviour towards everyone we work with, the communities we touch, and the environment on which we have an impact."

Similarly, one of the company's primary values appears to revolve around conducting its operations with integrity and with respect for the many people, organisations and environments that the business touches.

The Unilever case study to follow was compiled using information available in the public domain. The information was specifically selected to stimulate a variety of different perceptions to enlighten the question: Has Unilever managed to redefine value creation?

THE UNILEVER CASE

Unilever takes a very definitive view on the relationship between growth and sustainability early on in its Summary of Progress report (2014), when it states:

"Growth and sustainability are not in conflict. In fact in our experience sustainability drives growth"

Certain commentators (Meadows et al, 2000) argue that sustainability and the paradigm of growth are diametrically opposed. It is clear from the statement above that Unilever believes that not only can sustainability and growth co-exist, but rather that sustainability drives growth.

Interestingly, (according to the second quote below) it appears that Unilever's objectives stretch beyond its own operations and impacts, into the realm of attempting to effect systemic change within "the broader economic

We have set a bold ambition to achieve change within our own company. But we are only one company among many and the change needed to tackle the world's major social, environmental and economic issues is big - and urgent. What is really needed is fundamental change to the broader systems of which we are a part.

(Source: USLP 2014, www.unilever.com)

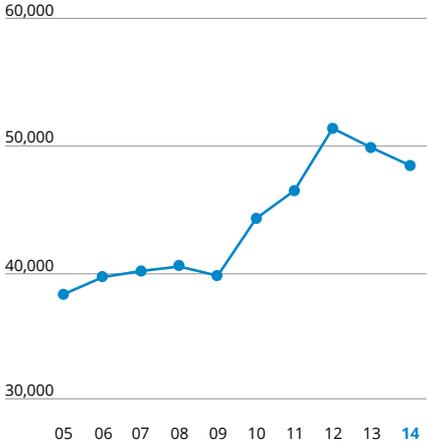
systems” of which the company forms part. The fact that Unilever actively engages (and partners) with numerous organisations dedicated to sustainable development is evidence of the fact that the company is truly committed to making a positive contribution towards sustainable development.

The following five graphs provide information on Unilever’s performance over the last nine years. In spite of Unilever’s declining turnover over the last two years, the company has continued to show strong market capitalisation growth.

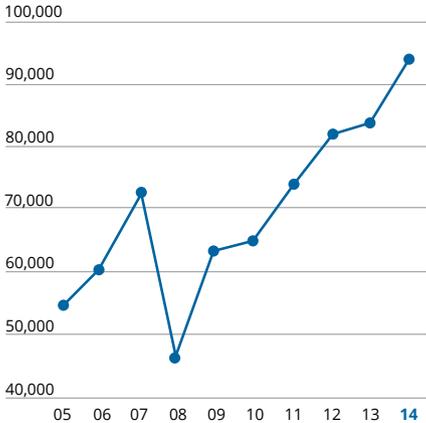
This was achieved through a combination of acquisitions and share price growth, pointing towards good sentiment for the company in the market.

At the same time, Unilever’s non-financial environmental indicators (for the company’s internal operations), in the areas of carbon intensity, water usage and waste disposal, have all improved in relative (per ton of production) terms, if not in absolute terms. The consistent improvement of these indicators is evidence of the company’s commitment towards achieving its vision of halving its environmental footprint.

Turnover € million

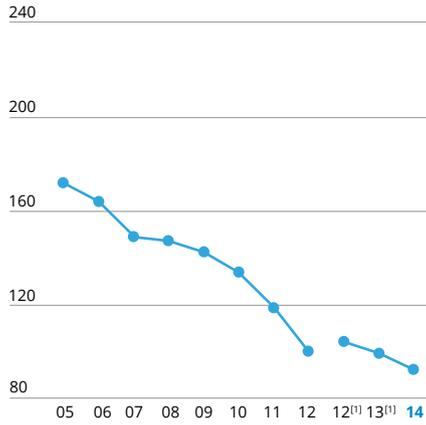


Combined Market Capitalisation € million

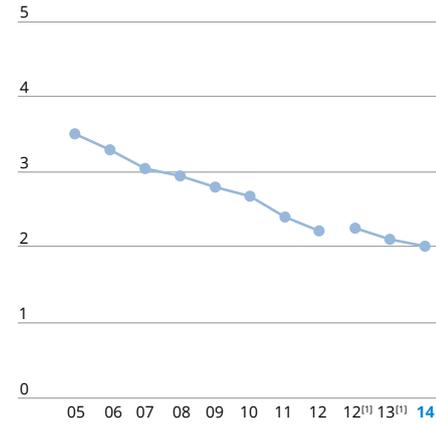


NON-FINANCIAL INDICATORS

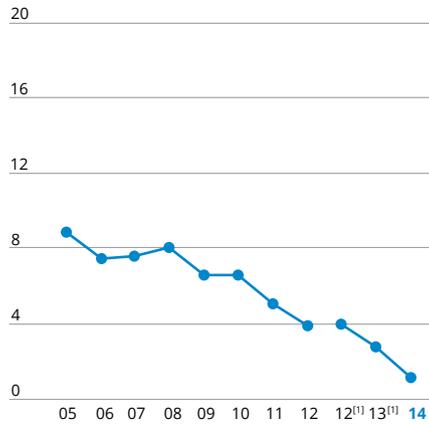
CO₂ from Energy kg/tonne of production



Water Usage m³/tonne of production



Total waste sent for disposal kg/tonne of production



(Source: Chart 2006-2015, www.unilever.com)



In 2009, Unilever launched its strategy for sustainable growth, known as The Compass. This strategy describes the company vision of doubling the size of its business, while simultaneously reducing its environmental footprint and increasing its positive social impact. This strategy appears to be considered by the company as encapsulating its determination to build a sustainable business for the long term. Further detail in this regard is captured in the Unilever Sustainable Living Plan.

The extract below is from the 2014 Unilever Summary of Progress Report. This Report is meant to illustrate the company's progress towards achieving its vision as set out in the Sustainable Living Plan. The Sustainable Living Plan has three main objectives. The first objective is to improve health and well-being for over a billion people. The second objective is to reduce its environmental impact (through the entire value chain) by half, and the third objective is to enhance the livelihoods of a million people.

IMPROVING HEALTH AND WELL-BEING FOR MORE THAN 1 BILLION		REDUCING ENVIRONMENTAL IMPACT BY HALF	
By 2020 we will help more than a billion people to improve their health and well-being. We have helped 397 million people take action to improve their health and well-being.		By 2020 our goal is to halve the environmental footprint of the making and use of our products as we grow our business.	
HEALTH AND HYGIENE	NUTRITION	GREENHOUSE GASSES	WATER
By 2020 we will help more than a million people to improve their health and hygiene. This will help reduce the incidence of life threatening diseases like diarrhoea.	We will continually work to improve the taste and nutritional quality of all our products. The majority of our products meet, or are better than, benchmarks based on national nutritional recommendation. Our commitments goes further: by 2020 we will have double the proportion of our portfolio that meets the highest nutritional standards, based on globally recognised dietary guidelines. This will help hundreds of millions of people to achieve a healthier diet.	Our products' lifestyle: Halve the greenhouse gas [GHG] impact of our products across the lifecycle by 2020,	Our products in use: Halve the Water associated with the consumer use of our products by 2020.
397M people reached by end of 2014	33% of our portfolio by volume met highest nutritional standards in 2014.	4% our greenhouse gas impact per consumer use has increased by around 4% since 2010.	2% our water impact per consumer use has reduced by around 2% since 2010.
		Our manufacturing: By 2020 Co2 emissions from energy from our factories will be at or below 2008 levels despite significantly higher volumes. 37% reduction of Co2, from energy per tonne of production since 2008	Our Manufacturing: By 2020 water abstraction by our global factory network will be at or below 2008 levels despite significantly higher volumes. 32% reduction in water abstraction per tonne of production since 2008.

(Source: Adapted from USLP 2014, www.unilever.com)

Unilever's strategy is to double the size of its business while halving its environmental footprint and increasing its positive social impact.

Objective one and three are primarily social objectives, while objective two is primarily an environmental objective. The project relating to sustainable sourcing is however seen to contain both a social and an environmental component.

The performance of the company against its objectives can be viewed in the illustration below. In terms of Unilever's environmental performance, it is noteworthy that Unilever is attempting to effect significant reduction in environmental

impact (as mentioned above), not only in its own operations, but also within its supply chains, and in the downstream use and disposal of its products. This would appear to set the company apart from the majority of companies that display an increasing awareness of issues related to social and environmental sustainability outside the boundary of direct control. The figure below illustrates Unilever's Greenhouse Gas footprint across the value chain. It is evident from this figure that the majority of the footprint is outside of the direct control of the company.

ENHANCING LIVELIHOODS FOR MILLIONS

By 2020 we will enhance the livelihoods of millions of people as we grow our business. 85% of our strategic suppliers met our Responsible Sourcing Policy's mandatory criteria. We helped 800,000 small holder farmers and 238,000 women gain access to training, support and skills.

WASTE	SUSTAINABLE SOURCING	FAIRNESS IN THE WORKPLACE	OPPORTUNITIES FOR WOMEN	INCLUSIVE BUSINESS
Our products: Halve the waste associated with the disposal of our products by 2020.	By 2020 we will source 100% of our agricultural raw materials sustainably.	By 2020 we will advance human rights across our operations and extended supply chain.	By 2020 we will empower 5 million women.	By 2020 we will have a positive impact on the lives of 5,5 million people.
12% our waste impact per consumer use has reduced by around 12% since 2010.	55% of agricultural raw materials sustainably sourced by end of 2014.	85% of our strategic suppliers met our Responsible Sourcing Policy's mandatory criteria by March 2015.	238,000 women provided with access to training and skills, including 70,000 Skakti micro-entrepreneurs trained in India.	800,000 smallholder farmers gained access to training and support via partnerships with our agricultural suppliers and other partners.
Our manufacturing: By 2020 total waste sent for disposal will be at or below 2006 levels despite significantly higher volumes. 85% reduction in total waste per tonne of production since 2008.				

Unilever’s Greenhouse Gas Footprint

21%	2%	2%	4%	70%	1%
Raw materials	Manufacture	Transport	Retail	Consumer	Disposal

Interestingly, all of Unilever’s environmental targets are expressed on a “per consumer use” basis, meaning that rather than referring to reductions in environmental footprint on an absolute basis, Unilever’s objective is to reduce the footprint of a single-use, portion or serving of a product.

Upon closer scrutiny, it appears as though the goals of doubling the size of the business and halving environmental footprint on a per consumer use basis, would result in a net zero decrease/increase on the company’s total environmental impact, if the company is to achieve its ambitious vision.

In the event that Unilever exceeds its business growth target, or fails to achieve its environmental objective, it would appear that the likelihood exists that the company’s ecological footprint may in fact increase in absolute terms

by 2020. The challenges experienced in decreasing its greenhouse gas emissions and water footprint are a case in point. The table below illustrates the dilemma of ‘zero net change’ in Unilever’s impact, if it is to succeed in achieving its vision.

The fact that we laud Unilever as the world’s most sustainable company, given that it is unlikely to have any

	\$ 2008	\$ 2020
Turnover	1000	2000
Environmental impact - total	1000	
Thus, 1 impact for every \$1 revenue		
If now 0.5 impact for every \$1 revenue		
Total impact in 2020 is 2000*0.5		1000
Hence, impact will be flat if they succeed		



absolute reductions in its impact on the environment, can only point to the concerning reality of what other companies may be doing to the natural environment.

To create a slightly different perspective on the way that Unilever is perceived, the audiences were shown an extract of an article from the Financial Times website.

Last updated: February 9, 2015 7:52pm

Paul Polman's socially responsible Unilever falls short on growth

Scheherazade Daneshkhu and David Oakley

In this article it was reported that certain Unilever investors expressed concern that the CEO, Paul Polman, showed more concern for society and the environment than he did for the company's own investors. The disappointing revenue performance of the company was used to substantiate this point of view. The following extract from this same article does however shed light on the "pragmatism of Paul Polman" in the management of Unilever:

Although Unilever's 2014 sales disappointed, its profit growth was better than expected. A 5 per cent rise in net profit to €5.5 bn was achieved mainly through cost cuts – 1,400 jobs were lost last year – but investment in advertising and promotions was maintained.

To gain some further insights into the philosophy of the CEO, the audience was shown the following extract from a 2012 Harvard Business Review (Paul Polman) interview:

What did you learn from the 2008-09 financial crisis?

I call it "the crisis of ethics," and it has made a lot of people think differently about how society needs to function. Not in the sense of questioning capitalism per se – I'm a capitalist at heart – but in the sense of how to achieve it. We need to fine-tune the system, and one way to do that is through socially responsible investment. I'm encouraged by the progress I see, and more companies are willing to be a bit more daring: they're starting to create a critical mass.

Polman's view appears to be somewhat contradictory to the views expressed by Unilever in its 2014 Summary of Progress (SoP) Report. The contradiction lies in the fact that in the interview Polman believes that the systems need to be fine-tuned, whereas the SoP called for fundamental change. Some criticism may be raised as to the congruence between these two statements.

Finally, also on the subject of corporate values, or perhaps rather the public expression of Unilever's values, following on from its Sustainable Living Plan, in 2013 the company launched Project Sunlight, a programme aimed at encouraging parents, in particular, to join a growing community of people who wish to make the world a better place for their children, and for future generations. Project Sunlight aims to make sustainable living desirable and achievable, by inspiring individuals to imagine a world in which all of humanity "lives well, within the natural limits of the planet".

Since its launch, Project Sunlight has partnered with various donor and aid agencies, for example with the provision of school meals through the World Food Programme, support to Save the Children for the provision of clean, safe drinking water, and the provision of improved hygiene through UNICEF.

In terms of the public expression of Unilever's corporate culture and values, a particularly interesting element of Project Sunlight concerns the manner in which it was launched. The TV advertisement for the launch of the project was highly emotive, showing expectant parents firstly expressing their hopes and dreams for their unborn children, and then being shown disturbing images of extreme poverty, pollution, natural disasters, environmental destruction, habitat loss, species extinction and other negative social and environmental events. The advertisements then ended with information regarding the

Unilever products consumers could buy in order to support Project Sunlight.

It would appear that the principal objective of these jarring contradictions in the advertisements was to demonstrate the importance of Unilever's commitment to environmental sustainability for future generations. It further appears that one of the implicit messages of Project Sunlight is that individuals can make a difference to major environmental issues through their purchasing decisions, without necessarily being directly engaged in addressing or resolving these issues. Once again, these messages would appear to be somewhat contradictory, particularly in light of Unilever's public statements regarding the necessity of fundamental changes to economic and social systems, in order to address the most pressing environmental and social issues currently confronting humanity and the planet.

PART III – FINDINGS AND DISCUSSION

MAPPING UNILEVER ONTO BARRETT

As explained earlier in the Report and in the methodology the audiences were presented with information about Unilever's profile and their vision and mission.

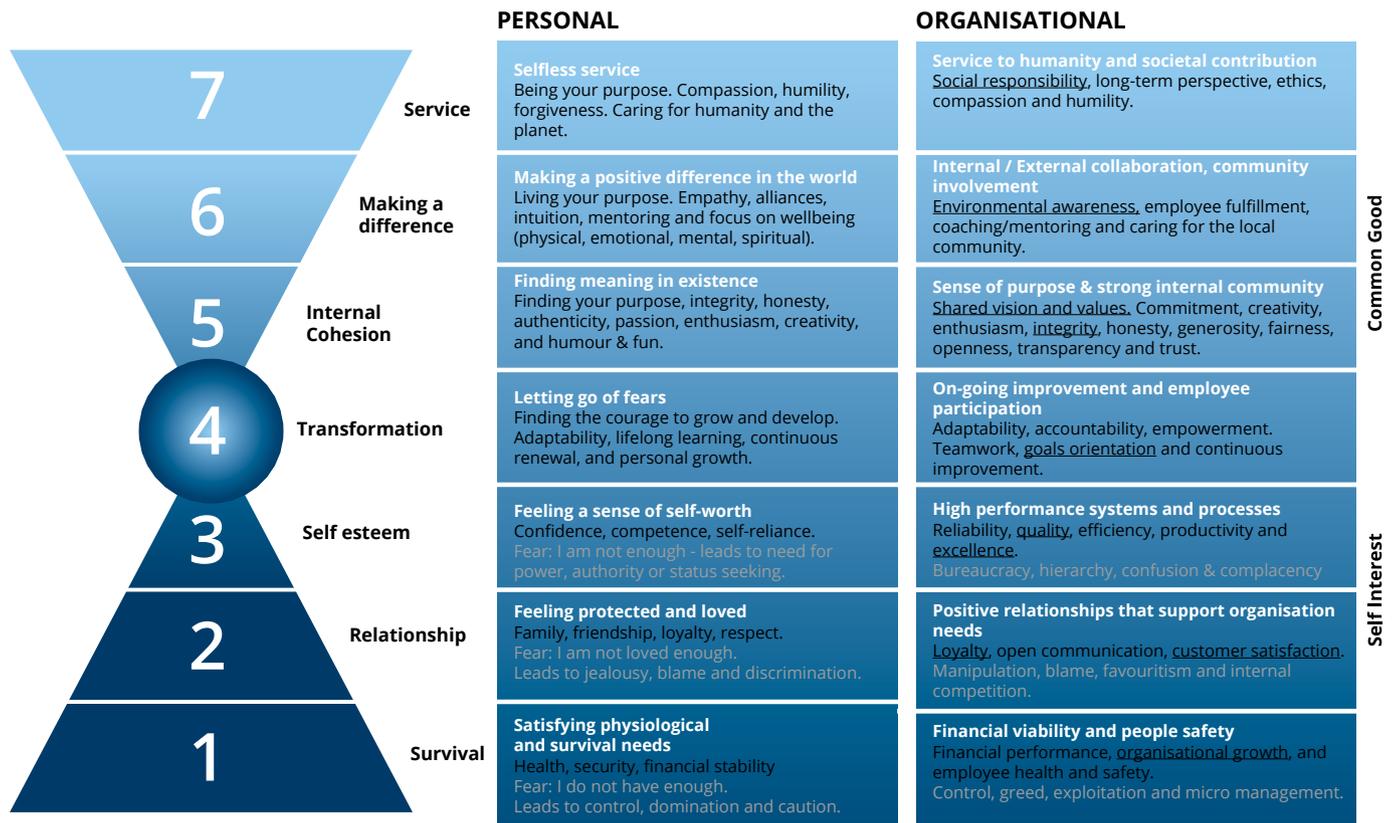
They were also presented with other information about Unilever, specifically designed to stimulate thoughts around Unilever's actions relating to sustainability and other associated areas. To set the scene for the discussion

of question 3, the audience was asked to participate in a thought experiment and was provided with Unilever's vision to:

- Double its business;
- Halve its environmental impact; and
- Have a positive social impact.

The presenter's request was for the audience to link the Unilever vision (and perhaps other values they could pick up on from the presentation) onto "Barrett's Seven Levels of Organisational Consciousness". The illustration below

points to the fact that both the South African and United Kingdom audiences agreed that Unilever's vision generally related to all Seven Levels of Organisational Consciousness. (The underlined items denote areas identified within the Unilever case study). Question 3 then went on to explore whether the audience thought that Unilever had succeeded in re-defining value. Value as discussed earlier in the Report has traditionally been equated to financial value. The purpose of the exploration was to establish whether Unilever had changed this understanding of value in any way, and if so, how.



QUESTION 3

Table 4

Note: The percentage figure indicates the percentage of delegate tables that discussed the same theme

OVERALL IMPRESSIONS

Both the South African and UK audiences made use of Barrett's Seven Levels of Consciousness to inform their response as to whether Unilever had succeeded in redefining value creation. Both audiences identified the fact that the Unilever Vision, and actions towards achieving this vision, could be said to be representative of all Seven Levels of Organisational Consciousness.

More specifically this observation points to the fact that Unilever has managed to establish some sort of a balance between self-interested value and self-transcendent value.

However, both audiences pointed to the fact that whilst Unilever pays attention to both self-interest and self-transcendent value, this does not automatically mean that the company has managed to redefine value creation. Through the group discussions, as well as the detailed notes, two broad points of view emerged.

Q3: Has Unilever redefined value through their vision?	UK average	SA average
What is the definition of value?	63%	100%
Manipulating customers/ emotional blackmail	100%	0%
They are setting an example of a possible way of defining value	50%	0%
Defined value more broadly	50%	0%
Shift to long-term	25%	60%
Depends on purpose and perspective of business	38%	0%
Making money from doing good	75%	0%
Yes BUT	13%	40%
They have started	25%	20%
Maintaining reputation	38%	0%
Is value directly linked to growing revenue?	25%	20%
Changing the world in which they do business	13%	20%
They have redefined it to integrity	0%	40%
Six capitals measurement and reporting prepares the ground for redefining value	25%	0%
Internal alignment of vision and values	13%	0%
True pricing	13%	0%
Meaningful disclosures	13%	0%
Ability of the Board to balance fiduciary duty and social value creation	13%	0%

What would a company with a different definition of value look like?	13%	0%
Ownership structure has an impact on what is achievable - can do more without shareholders	13%	0%
Current system constrains us to financial value	13%	0%
Employees like to be part of a business that is growing	13%	0%
Doing good by including supply chain - certainly brave and new	13%	0%
Working towards a common good	0%	20%
They are optimising value on all levels but have not redefined	0%	20%
They have re-packaged value but haven't redefined	0%	20%

The first group took the position that they might have succeeded, but certain issues created uncertainty. The second group were more sceptical and did not think that Unilever had succeeded in redefining sustainable value creation.

Before we discuss these points of view, it is important to note a common denominator that underlies the views of both these groups. There was widespread agreement that the way that value is/should be defined created challenges to even venture an opinion on whether value was redefined. This resonates with the earlier observation by EY (2016)

that companies are doing poorly when defining value in their integrated reports. There was however some level of agreement that value, and value creation is a context specific construct that may have a different meaning to different entities.

Given this caveat - on the way that value is defined - the two broad groups in this discussion were as follows:

GROUP 1 - THE 'YES, BUT' GROUP

"We did not find unequivocal agreement that Unilever did indeed succeed in redefining value creation."

The views in this group were generally more positive towards the approach from Unilever. This group generally believed that Unilever may have taken the first steps towards defining value more broadly, and that actions like a longer term perspective, working towards the common good and six capital measurements - are important steps towards redefining value creation.

GROUP 2 - THE 'NO' GROUP

This group was more sceptical about the Unilever story. They believed that Unilever's actions can be seen as a very good reputation management exercise, that they might be optimising value more broadly, or that they have

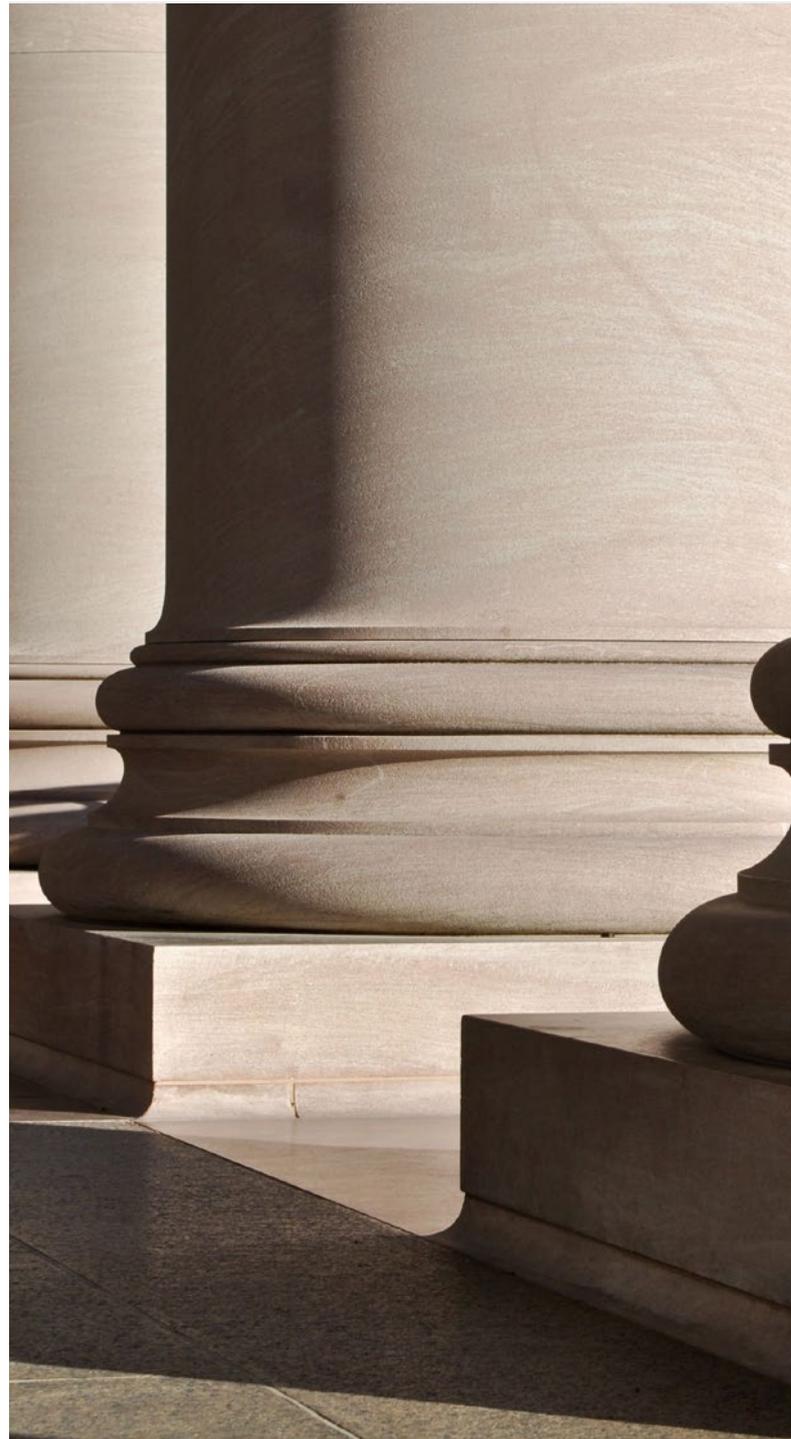
Unilever has arguably managed to establish a balance between self-interested value and self-transcendent value.

repackaged value. A major concern raised by this group was that Unilever might be employing manipulation or emotional blackmail in some of their actions (this comment was directed specifically towards the video that launched Project Sunlight).

From the discussion it emerged that the Barrett's Seven Levels of Organisational Consciousness tool can be useful to consider the balance between self-interested and self-transcended aspects of any organisation's activities.

It was suggested that it might indeed be a good way to approach the internal conversations that organisations need to have when they decide on how they will define value for their specific organisation, as part of embarking on the integrated reporting journey.

It was however agreed that by simply displaying a combination of self-interested and self-transcendent behaviours, the organisation would not necessarily be redefining value, but may rather just be taking a step towards defining value in the first instance.





CONCLUSION

What we discovered in our investigation.

The following question was proposed at the outset of this research process:

*What is the relevance of organisational culture
in creating sustainable value?*

CONCLUSION 1: DEFINING VALUE CREATION

We firstly established that there could potentially be a contradiction between the concept of value creation as proposed in the <IR> Framework and the concept of sustainable value creation aligned with the 1987 definition of sustainable development.

The major gap between these two definitions is that the definition of value creation according to the <IR> Framework limits the consideration of social and environmental issues to only considering those issues that will impact on the organisation's ability to create financial value.

On the other hand, the boundary for sustainable value creation would be much broader to include all issues with the potential to affect the organisation's ability to create value, not limited to financial value.

CONCLUSION 2: SELF-INTEREST VIS-À-VIS SELF-TRANSCENDENCE

It was also established that the gap identified between value creation and sustainable value creation essentially points to a self-interest versus a self-transcendent view.

The inward, self-interested (shareholder focused) view as described in the <IR> Framework would fail to address the broader societal and environmental problems that require a self-transcendent view.

Upon further investigation it was established that the self-interest versus self-transcendent views are largely determined by the underlying value system of the entity under investigation. It was suggested that an investigation of organisational culture (or otherwise referred to as collective value systems) may be a potentially practical and constructive first step on the journey to sustainable value creation.

Through a series of events with both South African and United Kingdom audiences, it was established that the values that typically inhibit sustainable value creation are the inwardly directed self-interested values.

At the same time it was confirmed that the values that will typically enhance sustainable value creation are those values that are outwardly directed and could be seen as self-transcendent.

CONCLUSION 3: PRACTICAL REALITY

In an attempt to find a practical example of what sustainable value creation might look like, the Unilever Vision and actions towards achieving its vision were investigated. To assist with this investigation, the Seven Levels of Consciousness - according to the Barrett Values System - were utilised.

In terms of this thought experiment, it is suggested that the audiences were almost divided. Some participants felt that Unilever has taken the first steps towards sustainable value creation, but others were more skeptical and believed the company was merely managing its reputation.

As academics working towards the promotion of integrated reporting, it is important to note that from the outset of the research, it was intended to make a “practical and constructive” contribution to the way organisations approach sustainable value creation. For this reason, the critique provided is meant to broaden and deepen the field of integrated reporting, with the goal of improving its current understanding and implementation.

CONCLUSION 4: WHAT SCHOLARS ARGUE

We do not believe that a simple endorsement of the self-interest focused definition of value creation, as proposed in the <IR> Framework, will make a constructive contribution towards sustainable value creation. Our research clearly

suggests that it would require a self-transcendent definition of value creation to actively address social and environmental issues.

If the definition of value creation remains fixed within the boundaries of self-interest, we cannot expect to see any real change towards sustainable development. Some scholars have indeed argued that we cannot continue to repeat the same mistakes (continue to focus on investors) and expect different results. (Thomson, 2014)

CONCLUSION 5: A PRACTICAL AND CONSTRUCTIVE APPROACH

Our proposed practical and constructive approach to sustainable value creation starts with a first step of determining the prevailing culture within an organisation and plotting it on the continuum between completely self-interested and self-transcendent.

The second step is to make use of the Seven Levels of Organisational Consciousness from the Barrett Values Centre (or a similar tool) and align the type of value that the organisation currently creates to the Seven Levels of Organisational Consciousness. This should indicate some level of congruence to the current culture of the organisation as placed on the continuum between self-interest and self-transcendence.

The third step is to consider the organisation's appetite to create sustainable value (as identified in this report). Given

the organisation's context, it would be unlikely to reconcile the notion of sustainable value creation with the current value creation of any given organisation.

The result of this process might be the creation of a roadmap to approach sustainable value creation through a cultural transformation process (as envisaged by the Barrett Values System).

IN SUMMARY

The notion that different value systems and organisational cultures support different perspectives on value creation, has a direct impact on the field of integrated reporting. It could be argued that the <IR> Framework, and the integrated reporting fraternity in general, discuss concepts like integrated thinking, long-term value creation and breaking down silos without the necessary consideration of organisational culture realities and constraints that may inhibit the practical implementation of these ideas in organisations.

This word of caution also extends to organisations that promote the existence of certain organisational values, strategies and attributes within their integrated reports that may be in contrast to the actual values and culture within the organisation.

This Report offers a critical view on the integrated reporting movement and the potential role that it may play in the journey towards sustainable development. This however

does not detract from the fact that the integrated reporting movement has the potential to stimulate conversations within organisations around the value that it wishes to create (Adams, 2014).

As much as we believe that this is a step in the right direction, we would like to see the discussions move forward based on the broader definition of sustainable value creation as set out in this report.





ANNEXURES

ANNEXURE A – THE ALCRL AND INTEGRATED REPORTING

The Albert Luthuli Centre for Responsible Leadership aims to develop a new generation of responsible leaders, shaping local and international business practices and policies in support of social and environmental justice.

The work of the Director of the Centre, Prof. Derick de Jongh, has strong roots in the field of Responsible Leadership, Corporate Citizenship as well as Corporate Governance.

Derick's involvement in the development of the King III Code of Governance, as well as the Integrated Reporting Committee of South Africa positioned him to advance the development of the first formal academic programme in Integrated Reporting. This programme was established in 2012 and has had an annual intake of students since 2013.

The purpose of the ALCRL is to advance social and environmental justice within the University of Pretoria.

The mandate of the ALCRL is threefold: teaching, research and community engagement. To this end the ALCRL aims to integrate environmental, social and governance (ESG) issues into business education curriculum. The ALCRL

consequently focuses its research on ESG issues in the corporate context to inform teaching and community engagement projects.

The ALCRL forms part of the Department of Business Management within the Faculty of Economic and Management Sciences and hosts the PGDIR.

The distinguishing strength of the ALCRL lies in the fact that it hosts, develops and promotes multi-disciplinary work that extends beyond mere economic and/or management sciences to include accounting, environmental sciences, natural sciences, law, engineering and the humanities. The ALCRL however then addresses all these fields from a specific angle: to promote social and environmental justice.

ANNEXURE B – WWF COMMON CAUSE REPORT

Common Cause: The Case for Working with our Cultural Values (hereafter referred to as Common Cause Report)

The “Common Cause” Report (WWF, 2010) argues that simply providing information about the urgency of social and environmental problems is unlikely to create fertile grounds for change to take place.

The reason for this is that many of the facts about global challenges are in conflict with individual and organisational value systems. It follows that these facts may then pose a challenge to the identity of this person (or organisation), and that the facts will then be dismissed on these grounds.

In an attempt to circumvent the problem described in the previous paragraph, the WWF argues that campaigners and communicators that try to “sell” change do so by appealing to the perceived dominant materialistic values of their audience.

This strategy however ends up being counter-productive because rather than stimulate the emergence of systemic change, it ends up galvanizing the existing dominant values. What the Report calls for is, firstly an understanding of the influence that campaigns and communication have on cultural values, and secondly, the influence that our values

have on the way that we respond to the most pressing social and environmental concerns.

The WWF argues that values are critically important in motivating behavior. It is also suggested in research that behaviours to address “bigger than self” problems are motivated by certain values, but suppressed by others.

In order to further this argument, the Report argues that individuals and cultures (within organisations) that place a large emphasis on self-enhancement and conversation will be less concerned about global conflict and human rights abuses, and be more prejudiced towards other races, religions etc. This group will also be less concerned about environmental and social problems, and will more likely be motivated by extrinsic (financially orientated) goals. The opposite position to self-enhancement is individuals and cultures (and organisations) that place an emphasis on self-transcendence and openness.

It can also be said that this position is one of universalism and self-direction, and this group is typically motivated by intrinsic values like self-transcendence, that enables a focus on “bigger than self” problems.

The Report argues that many factors contribute to activate and enhance a certain set of values, most saliently the media, institutional engagement and marketing. The last part of the Report discusses deep frames. Deep frames are defined as the mental structures that help us to understand the world. It is argued that these deep frames

are underpinned with particular values and in most cases they function at an unconscious level.

It is argued that repeated activation (through the lived experience) of particular frames helps to activate and strengthen these frames. These deep frames help to embed certain values at a cultural level, and may thus be of direct interest when “bigger than self” problems are considered.

Interestingly the authors argue that these frames can be used by certain actors to advance their position in an “ethically dubious” way, and advances the idea that this practice should be a matter of public debate.

The practice of using frames to advance a particular position may however be a very powerful way to progress a certain cause with the precondition that it should be transparent about which frames it is using, and why.

The authors argue that the use of the frames may be a particularly powerful way to approach the debate on “bigger than self” problems. The Report discusses three sets of opposing deep frames that are considered to be either strengthening “helpful” or “unhelpful” values.

The deep frames are self-interested vs common-interest frames; strict father vs nurturing parent frames and the elite governance versus participative democracy frames.

For the purpose of this research project we will be considering the underlying values supporting these deep frames, rather than the deep frames themselves.

ANNEXURE C – RESULTS OF THE BARRETT SURVEY

INTRODUCTION

As mentioned, prior to attending the workshops held in Johannesburg and London, attendees were requested to complete an online version of the Barrett Values survey, in which they were requested to select values from an exhaustive list of value descriptor keywords.

These aligned to firstly, a number of personal values; secondly a number of values reflecting the current culture of the organisations they represent or within which they are employed, and thirdly a set of values representing the organisational culture that they desire to see within these organisations. In terms of the numbers of individuals attending the respective workshops, and the categories or types of organisations that they represented, the spread was as follows:

As is evident from the table below, the Johannesburg workshop included a significantly greater proportion of respondents from academic institutions and public sector organisations, while the London event exhibited higher levels of representation from the accounting and consulting sectors and from not-for-profit organisations.

This organisational distribution may well hold some significant impact on the overall results, particularly in terms of current organisational cultures, since at the Johannesburg event, academic institutions were observed to exhibit the highest levels of cultural entropy and the largest number of potentially limiting values.

In this regard, it must be borne in mind that the results derived from the surveys undertaken for these workshops are primarily theoretical in nature, and were intended to demonstrate one particular manner of defining and understanding organisational culture.

Category	Johannesburg		London	
	No	Proportion	No	Proportion
Academic Institutions	12	29%	3	9%
Accounting Firms and Consultants	10	24%	11	32%
Other Private Organisations	10	24%	9	26%
Public Sector Organisations, Regulatory Bodies and State-Owned Enterprise	6	14%	2	6%
Other	3	7%	5	15%
Not-For-Profit Organisations (NGO's and Social Enterprises)	1	2%	4	12%
Total	42		34	

They were also primarily intended to provide a platform for discussion and stimulate debate amongst the participants.

The wide spread of organisations - even within any particular category - represented at the workshops, would in reality make it very difficult to draw any conclusions regarding the culture that exists within any individual organisation.

PERSONAL VALUES

The first survey question requested participants to select ten values from an exhaustive list of over 100 words, that best reflect their own personal values. Each of the value descriptors corresponds to a particular level of consciousness (1-7) on the Barrett Value Scale. The tables below reflect the top ten personal values emerging from the respective workshops:

Level	UNITED KINGDOM		SOUTH AFRICA	
	Personal Values (PV)		Personal Values (PV)	
7				
6				
5				
4				
3				
2				
1				
	★ integrity	20 5	ethics	20 7
	★ continuous learning	16 4	accountability	17 4
	★ balance (home/work)	14 4	★ integrity	17 5
	★ family	13 2	★ well-being (physical/emotional/mental/spiritual)	17 6
	humour/fun	11 5	★ continuous learning	16 4
	★ making a difference	11 6	★ family	14 2
	★ well-being (physical/emotional/mental/spiritual)	11 6	leadership	14 6
	curiosity	10 4	★ making a difference	14 6
	honesty	9 5	independence	12 4
	trust	9 5	★ balance (home/work)	11 4
	vision	9 7	couching/mentoring	11 6
			compassion	11 7
			fairness	11 5

In terms of the similarities and differences arising from the two workshops, the following conclusions are noteworthy:

- The grey stars represent the overlaps in the most selected behaviours between the two groups of attendees, with six such grey stars indicating a high degree of overlap.
- The distribution of the most selected values across the Barrett Value System's levels of consciousness is relatively similar, with the majority of the values lying in the transformational and outwardly focused levels 4 to 7. The Johannesburg workshop attendees do however exhibit a slightly higher incidence of values in Level 6 ("Making a Difference") and Level 7 ("Service").
- Of the selected values, the split between individual, relationship-focused and societal distribution at the London workshop of 8-2-1.
- This implies that the Johannesburg attendees exhibited a relatively greater emphasis on relational values than those from the London workshop.

CURRENT CULTURE

In the second survey question, participants were once again requested to select ten values, from the same list of more than 100, that depict the current culture within their respective organisations. The results that emerged were as follows:

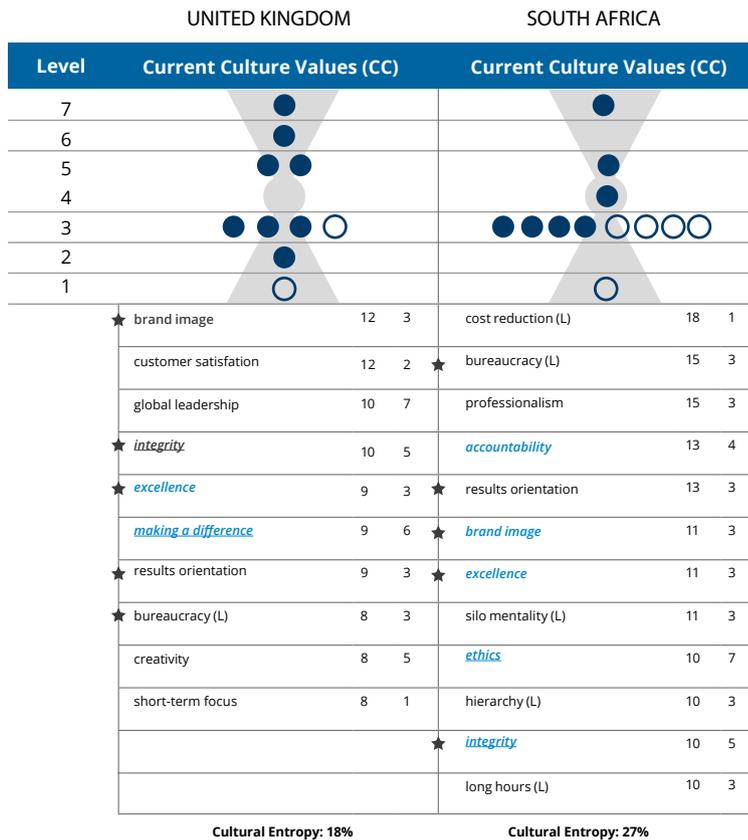
In this regard, the following conclusions are noteworthy:

- Unsurprisingly, unlike the selection of personal values, the selections for the current cultures of the participants' respective organisations includes the presence of a number of Limiting Values (as defined by the Barrett Value System), which are indicators of the degree of cultural entropy experienced by the participants within their organisations (these Limiting Values are indicated in the figure below by white dots).
- Once again, the grey stars represent the overlapping values between the participants in the two workshops, with five values overlapping, including one Limiting Value, namely bureaucracy. The most common positive value shared between the workshop audiences was results orientation.
- The distributions of the values across the Seven Levels of Consciousness in the Barrett Value System are somewhat different, with three additional Limiting Values appearing in Level Three in the Johannesburg survey, namely silo mentality, hierarchy and long hours.
- Interestingly, in an organisational context, Level Three of the Barrett System speaks to organisational efficiency, and the relatively high incidence of Limiting Values at this level would appear to suggest a belief on the part of the Johannesburg participants that their organisations are not operating at anything close to optimal levels of efficiency.

- The entropy score in the Johannesburg workshop was significantly higher (27%) than in the London event (18%). The entropy scores for both events were also significantly higher than the ideal of less than 10%.

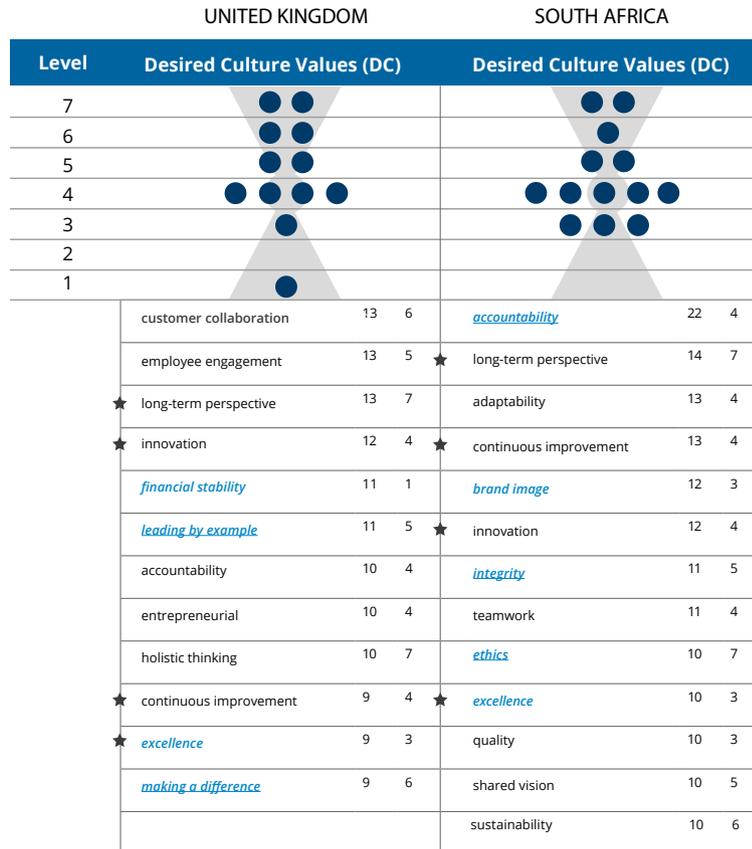
Normal entropy bands:

- 0 – 10% Prime: Healthy organisation.
- 11 – 20% Minor Issues: Requiring cultural and structural adjustments.
- 21 – 30% Significant Issues: Requiring cultural and structural transformation and leadership.
- 31 – 40% Serious Issues: Requiring cultural and structural transformation, leadership mentoring/coaching and leadership development.



- Both the Johannesburg and London audiences are therefore collectively at the top end of their respective entropy bands. This would imply that the cultures within the various organisations represented by these audiences exhibit significant opportunities for improvement.
- With regard to the split between the types of values identified by the survey, for the purposes of defining the current culture of organisations, the Barrett

Value System identifies four categories of values – individuals, relational, organisational and societal. In terms of the split between these categories, the two workshops exhibited a relatively high degree of similarity. For the positive values, the most commonly identified types were individual and organisational, while in the case of the potentially limiting values, both workshop audiences exhibited only organisational values.



DESIRED CULTURE

In the final segment of the Barrett Values Survey, participants were, as before, required to select ten values from the common list that, if embedded in their organisations, would assist these organisations to achieve (or get closer to achieving) their full potential. The following results emerged:

Noteworthy aspects include:

- The Johannesburg and London workshops exhibited four positive values in common, with the most frequently selected of these being long-term perspective.
- The only value appearing in the survey results for both the current and desired values, at both the Johannesburg and London workshops, was excellence.
- In terms of the correlation between current and desired cultures, the Johannesburg workshop exhibited an overlap of five values, while the London workshop exhibited an overlap of only two such words.
- This implies that in both the Johannesburg and London audiences, the participants felt that a relatively small number of current values should continue being present in their organisations. According to the norms of the Barrett Value System, organisations with a healthy culture will exhibit an overlap of six to eight values between their current and desired cultures.
- In terms of the Barrett Value System's Levels of Consciousness, the Johannesburg workshop exhibited a higher degree of focus on Self Esteem (Level 3) and Transformation (Level 4), most likely as a result of the higher level of entropy displayed in the current culture. By contrast, the London workshop exhibited an emphasis on Levels 4-7.
- In terms of the split between the individual, relational, organisational and societal values, the two workshops exhibited a significant degree of difference, with the London audience emphasising organisational and relational values, while the South African audience prioritised organisational and individual values.

ANNEXURE D – CORPORATE SUSTAINABILITY AND ORGANISATIONAL CULTURE

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This article explores the linkages between the cultural orientation of an organisation and the pursuit of corporate sustainability principles. Specifically, it seeks to assess (1) what constitutes a sustainability-oriented organisational culture, (2) whether it is possible for organisations to display a unified sustainability-oriented organisational culture, and (3) whether organisations can become more sustainable through culture change.

In order to derive some conclusions to these questions, the article firstly explores the evolution of the concept of corporate sustainability, from the conservation movement of the early twentieth century, the environmental and counter-technology movements in the 1960s and 1970s, and the “no growth” philosophy, to the inclusion in the 1980s of social issues such as human rights, quality of life and poverty alleviation.

The authors then go on to contextualise sustainability in terms of the widely accepted definition of sustainable development, drawn from the “Our Common Future” Report

of the World Commission on Environment and Development (commonly known as the Brundtland Commission). This Report defined sustainable development 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). From this definition, the article then sketches the development of the concept of corporate sustainability, which includes influences from strategy and management literature. The authors refer to a number of diverse scholarly viewpoints regarding the concept, and conclude that “corporate sustainability is a multifaceted concept that requires organisational change and adaptation on different levels”.

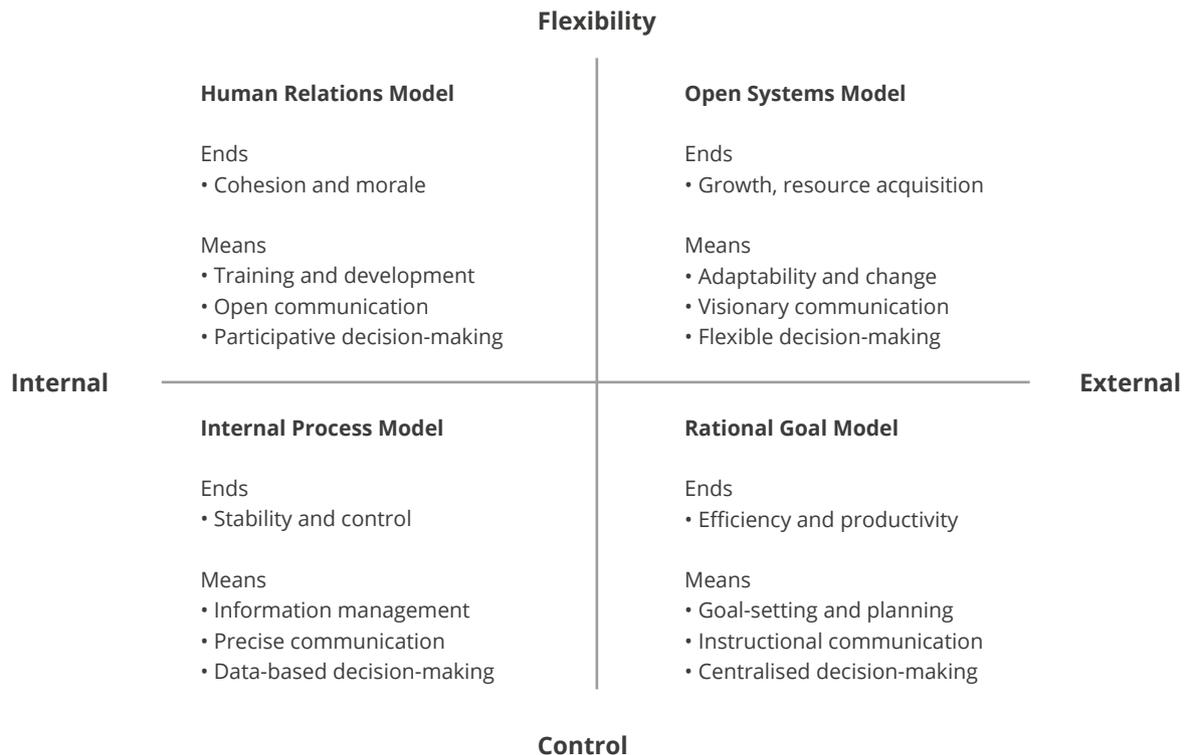
The article then moves on to an examination of the concept of organisational culture, with the authors again citing a variety of differing viewpoints and definitions. These range from notions of accepted behavioural rules, norms and rituals, to shared values, ideologies and beliefs and, at an underlying level - shared patterns of meaning or understanding.

Irrespective of these various viewpoints and definitions, however, the article points out that organisational culture is often cited as the primary reason for failure in the implementation of organisational change programmes.

In order to assess the relationship between corporate sustainability and organisational culture, the article makes use of the Competing Values Framework (CVF) of organisational culture (Quinn, 1988; Quinn & Kimberly, 1984; Quinn & Rohrbaugh, 1983).

This Framework illustrates the competing demands within an organisation on two separate and contending dimensions – an internal-external dimension, which reflects whether an organisation is focused on its internal dynamics or on the demands of its external environment, and a flexibility-control dimension - which reflects organisational preferences for structuring, coordination and control, or for flexibility. Resulting from these two competing dimensions, four different quadrants (or cultures types) are created, as follows:

According to the CVF model, although these four culture types appear to be incompatible and mutually exclusive, they can, under certain circumstances, co-exist within an organisation, although some values are likely to be more dominant than others. In order to explore the relationships that exist between organisational culture and the adoption of corporate sustainability, the article develops four distinct theoretical propositions, related to each of the four quadrants of the CVF model.



Firstly, with regard to the Internal Process Model (lower left quadrant), the authors propose that organisations dominated by an internal process culture will emphasise economic performance, growth and long-term profitability in their pursuit of corporate sustainability. This is located on the assumption that such organisations seek to maximise the production of goods and services.

Secondly, organisations operating primarily in the human relations (upper left) quadrant are assumed to emphasise social interaction, interpersonal relations, employee development and the creation of a humane work environment.

It is therefore proposed that in pursuing corporate sustainability objectives, such organisations will prioritise internal staff development, learning and capacity building, and will also strongly promote equal opportunity, workplace diversity and work-life balance as workplace principles.

In the third instance, the Rational Goals Model (lower right quadrant) emphasises the need for rational planning to address particularly environmental demands.

The authors therefore propose that organisations dominated by a rational, goal culture will emphasise resource efficiencies in their pursuit of corporate sustainability goals, as a reflection of a growing awareness

on the part of managers of the advantages gained by proactively instituting corporate sustainability practices – and where these are directed at reducing costs and increasing operational efficiency.

Finally, the Open Systems (upper right quadrant) Model highlights the importance of the external environment in affecting the behaviour, structure and life changes of organisations - with specific emphasis on evolutionary learning and adaptation, the importance of discretionary behaviour and autonomy, and recognition of the wider social and economic environment within which organisations operate.

It is therefore proposed that organisations dominated by an open systems culture will place emphasis on innovation for achieving ecological and social objectives in their pursuit of corporate sustainability.

Given these four organisational approaches to corporate sustainability, the article then turns to the question of whether organisations can display a unified “sustainable” culture?

In addressing this question, the authors make use of a model (Martin, 2002) characterising organisational culture under three theoretical views: namely, integration, differentiation and fragmentation perspectives.

In this regard, the authors focus on the integration and differentiation perspectives.

The Integration Perspective, which focuses on the existence of unified cultures within organisations and which assumes organisation-wide consensus regarding shared assumptions, values and beliefs - has proven popular in sustainability literature.

This is commonly seen as a means to promote greener corporate management, strategy and marketing, and to improve corporate environmental performance. Under the Integration Perspective, the principal objective for organisational leaders is the development of a strong and highly integrative sustainability-oriented culture, which permeates the organisation and fosters a sense of identity and commitment to common corporate environmental goals and aspirations. Such sustainability-oriented values are assumed to be promoted by management and disseminated within organisations.

Regarding the interrelation between organisational culture and the adoption of corporate sustainability practices, the Integration Approach creates the expectation that employees throughout the organisation share the same organisational culture, and that these employees share similar attitudes towards corporate sustainability.

By contrast, the Differentiation Perspective suggests that the existence of a dominant organisational culture is unlikely, and that it is far more likely for various subcultures to coexist.

This means that many organisations can be most accurately described as multicultural.

This perspective therefore creates the following expectations regarding the interrelation between organisational culture and the adoption of corporate sustainability - firstly that different subcultures can exist throughout an organisation, and secondly that members of each subculture hold different attitudes towards corporate sustainability.

Despite the contrasts suggested by these two perspectives, it would however appear possible to identify positive avenues and practical measures that can be implemented by organisations in the adoption of corporate sustainability principles.

These include the creation of an organisational context conducive to the adoption of corporate sustainability and an engagement with corporate sustainability practices, such as the publication of a corporate sustainability policy, the integration of environmental performance indicators in employee evaluation, and engagement with internal and external stakeholders.

Returning to the three questions posed by the article, it is possible to conclude that (1) the ideological underpinnings of organisational culture (as expressed in this case in the CVF Model) influence the manner in which corporate sustainability is implemented, and the types of outcomes that can be achieved; (2) the distinctions that exist between the Integration and Differentiation perspective of organisational culture suggest that it is unlikely for organisations to display a unified sustainability-oriented organisational culture; and (3) despite various barriers and limitations to sustainability-related culture change, including organisational rigidity and the existence of organisational subcultures, it appears possible for organisations to improve their sustainability orientation. This can be done through measures such as the publication of corporate sustainability reports, the integration of sustainability metrics in employee performance evaluation, or the provision of employee training.

Finally, the article suggests a number of avenues for future research, including (1) further investigation of the proposed relationships between organisational culture and corporate sustainability, (2) investigation into the achievement of

culture change in the presence of different subcultures, and the impact of such change on economic, social and environmental performance, and (3) the relationship between individual values and organisation values.

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ANNEXURE E

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