

Environmental Reporting on the Internet by America's Toxic 100: Legitimacy and Self-Presentation

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Introduction (1)

- **Toxic Release Inventory** (TRI) program and database provided by the U.S. Environmental Protection Agency (EPA)
- Parallel to this, **Internet** users have passed the 1.2 billion mark in 2007 (Internet World Stats, 2008)
- **Corporate websites** provide many advantages such as lack of space restrictions, easy access and speed of information (Jones et al., 1998; 1999; SustainAbility/UNEP, 1999)
- Not surprisingly, the dissemination of environmental information and reports on Internet corporate websites became increasingly popular (Jones et al., 1998; 1999; SustainAbility/UNEP, 1999)

Introduction (2)

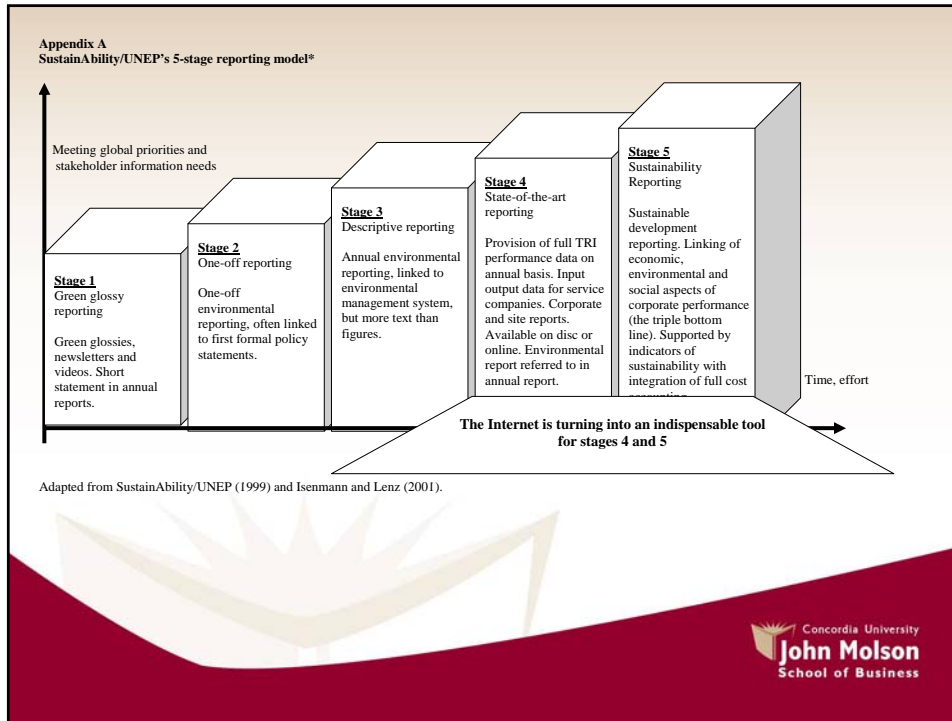
- SustainAbility/United Nations Environment Program published the Internet Reporting Report, which noted the potential value on Internet-based disclosure:

The Internet will provide both new (increasingly 'wireless') channels for existing forms of **corporate accountability** and help evolve new forms of **accountability** and corporate governance. Imagine, for example, that a company's stakeholders had access not only to online data on how it was performing against key sustainability-related targets, but also to instantaneous benchmark results, showing how it measures up against its competitors - and where areas of risk might be (SustainAbility/UNEP, 1999, p. 18)

- However, this report appears to be overly **optimistic** as the Internet may be a **legitimation device** rather than an effort for greater accountability (Patten and Crampton, 2004)

Purpose of the Study

To examine the the presentation (and content) of corporate website environmental disclosure in relation to firm environmental performance



Theoretical Framework

- Application of Erving Goffman's (1959) **theory of self-presentation** within the **organizational legitimacy** framework (legitimacy originally rooted in **sociology** and **social theory** literature)
- Analogies of Goffman's "individual/actor" to "organization" and the "others/audience" to "stakeholders and relevant publics"
- Application of Goffman's dramaturgical framework to **organizational, "macro-analytic" levels** (see Young and Massey, 1978)
- Two non-exclusive ways to give a good impression: expression "given" (sole conveyance of information) and expression "given off" (the way information is presented)
- Profit-oriented organizations use "**theatre, social science and sophisticated communication strategies**" to attract public attention (Young and Massey, 1978)

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Development of Hypotheses (1)

- TRI program of 1986 requires U.S. firms' manufacturing facilities to file reports on toxic releases of over 600 chemicals
- Higher levels of toxic releases may be subject to **greater public pressure and exposure** (Wolf, 1996; Konar and Cohen, 1997)
- Inherent motivation to polish **corporate image and presentation**
- Importance of information content – expression “**given off**”
- Importance of online environmental website design (presentation style and communication features) – expression “**given**”

Development of Hypotheses (2)

For both environmentally sensitive and non-environmentally sensitive industries, Toxic 100 firms will **present** environmental disclosures on savvy websites

For both environmentally sensitive and non-environmentally sensitive industries, Toxic 100 firms will pay more attention to the **content** of their website environmental disclosures

Methods (1)

Sample selection – Firms must:

- Be part of the list of firms analyzed by the PERI, which includes America's Toxic 100 firms and non-America's Toxic 100 firms
- Have an accessible corporate website that contains environmental information
- Have financial data available on Compustat
- Meet the matching selection criteria below
 - * Group 1: non-Toxic 100; non-ESI
 - * Group 2: Toxic 100, non-ESI
 - * Group 3: non-Toxic 100; ESI
 - * Group 4: Toxic 100, ESI

Methods (2)

Environmental disclosure

- Two-section criteria disclosure **dichotomous evaluation metric**, based on prior research in IFR and environmental website reporting (see Jones et al., 1998; Marston and Polei, 2004; Patten and Crampton, 2004)
- **Content** section: 21 items (all from Patten and Crampton, 2004)
- **Presentation** section: 20 items (adapted from Jones et al., 1999; Marston and Polei, 2004)

Environmental performance

- **Political Economy Research Institute (PERI)** at the University of Massachusetts at Amherst
- Computation of toxic score (based on TRI) to develop ranking
- America's **Toxic 100** vs. **non-Toxic 100**

Results – Presentation Hypothesis

ESI firms				
	Mean score	Standard. deviation	t-statistic	Statistical significance*
Toxic 100 firms	6.68	1.916		
Non-Toxic 100 firms	3.42	1.710	5.538	.000
Non-ESI firms				
	Mean score	Standard. deviation	t-statistic	Statistical significance*
Toxic 100 firms	5.84	2.968		
Non-Toxic 100 firms	2.37	1.674	4.444	.000
Toxic 100 firms				
	Mean score	Standard. deviation	t-statistic	Statistical significance*
ESI firms	6.68	1.92		
Non-ESI firms	5.84	2.97	1.039	.153

* Significance levels are one-tailed

Discussion, Limitation, Future Research

- Results indicate that, on average, both the **content** and **presentation** scores of corporate website environmental disclosure were higher for firms ranked in the **America's Toxic 100** than their non-Toxic 100 counterparts
- **Environmental sensitivity** of firm industry did not have significant effect on website disclosure content and presentation
- Consistent with **legitimacy** presumptions (as opposed to **accountability**)
 - poorer environmental performers provided more extensive environmental disclosures on savvier websites
- **Limitations** are related to sample restriction and limited scope (examination at one point in time)
- **Future research** → extend scope to wider sample of international firms across countries, examination from website/Internet user perspective

THANK YOU!
Questions and Comments

