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DOES CORPORATE SOCIAL RESPONSIBILITY IN PRESERVING A HEALTHY ENVIRONMENT IMPROVE THE COMPETITIVENESS OF THE AUSTRALIAN CONSTRUCTION INDUSTRY?

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Abstract

The paper explores the causes relevant to corporate social responsibility in preserving a healthy environment that may prevent the industry sustaining its global competitiveness, while exploring the development of environmental ethics and social responsibility within the corporate governance framework. In the construction industry, large companies have communication problems with their community. Although the organisations state in their vision the determination to preserve a healthy environment, they do not appear to be interested to know what the stakeholders perceive such determination to be. Without information about community perception of organisational environmental commitments – a gap will remain between official organisational environmental aspirations and its acceptance among stakeholders. As a result, the industry's competitiveness may be jeopardised.

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INTRODUCTION

To sustain distinctive competency today, organisations pay attention to preserving a healthy environment (Petrovic-Lazarevic, 2006). Environmental issues are important for businesses that act globally (Szamosi & Tsolakis, 2003). That is, by establishing environmentally responsible policies in the organisational vision (Jaques & Clement, 1991; Szamosi & Tsolakis, 2003), companies are seen to be ethically and social responsible, therefore maintaining their position in the world market (Burnett, 1999).

Corporate governance is a system by which business corporations are directed and controlled (Myers, 2003;Westphal & Zajac, 1997). The system consists of a set of internal rules to distribute rights and responsibilities among the management, board, shareholders, and other stakeholders (Petrovic-Lazarevic, 2005: Petrovic-Lazarevic, 2004). Corporate governance assumes a certain social responsibility that is widely studied in a form of corporate social responsibility.

Corporate social responsibility as a set of principles established by an organisation, should meet social expectations for appropriate business behaviour. The set of principles can be understood as an organization's consideration to accomplish social benefits, along with the interests to gain and sustain organisational competitive advantage (Petrovic-Lazarevic, 2005; Snider, Hill & Martin, 2003). Corporate social responsibility is related to the company's public accountability for both its financial performance and social and environmental performance.

Although the opinion that companies' social responsibility is to be profitable by legal means prevails in today's literature, there is a widespread understanding that social responsibility should be more related to serving the community and direct beneficiaries of the company (Kok, Weile, McKena & Brown, 2001). Corporate social responsibility deals with employees, customers, suppliers, human rights and corporate sustainability, but it also should primarily satisfy ethical and environment consideration (McAdam & Leonard, 2003). Furthermore, recent research has shown that today top global companies communicate to their stakeholders a commitment to socially responsible behaviour through espousing an ethical framework of their overall mission within society, which includes the development of comprehensive environmental policies. The environmental policies reveal concern for the larger ecology while serving the needs of company's customers (Snider, Hill & Martin, 2003).

To be globally competitive, construction industry organisations have to provide not only an effective and efficient building and constructing service, but also effective management of their business (Price & Newson, 2003). With an increasing concern related to social integrity of corporations in their operations, management needs to fit its organisational capabilities for supporting a healthy environment (Burnett, 1999).

Based on a recent research project conducted in Australia, this paper explores corporate social responsibility in supporting a healthy environment in the Australian Construction Industry organisations. The paper aims to find causes, if any, which may prevent the industry sustaining its global competitiveness, while exploring the development of environmental ethics and social responsibility within the corporate governance framework. After the introduction, an explanation of corporate governance in the construction industry is presented, followed by the research methodology and project findings. The paper ends with concluding remarks and future research interests.

CORPORATE GOVERNANCE IN THE AUSTRALIAN CONSTRUCTION INDUSTRY

Construction industry firms are large organizations and small to medium firms (Lin & Mills, 2001). Large organisations take the form of corporations indicating that corporate governance is an applied management style (Westphal & Zajac, 1997).

Many construction industry corporations apply The International Organisation for Standardization (ISO) 14000 that includes: 14001 environmental management system (EMS), environmental auditing, environmental labelling, environmental performance evaluation and life-cycle assessment (ISO, 1996). The ISO 14001 EMS is a voluntary standard enabling organisations to control the impact of their environment (ISO, 2002: Lundan, 2004). The ISO 14001 provides 17 key elements of the EMS grouped into five areas: environmental policy, planning, implementation and operation, checking and corrective action, and management review. To apply the EMS certificate, the first key element is to comply with applicable environmentally related legislation and regulations and to implement a continual environmentally related improvement process in the organisation (ISO, 1996). EMS improves regulatory compliance requirements of organisations, reduces liability and risk, harmful impacts to the environment, prevents or reduces pollution and waste, improves site and project safety, as well as the relationship with stakeholders such as: government agencies, community groups and investors, and establishes a system for continued environmental improvement (Christini, Fetsko& Hendrickson, 2004).

Companies that have introduced EMS go a step beyond the legal requirements, adding their own company goals and public reporting of emissions. The other interesting environmentally-related key element comprises formal goals relevant to a company's environmental, legal and regulatory requirements or environmental policy. All key elements are subject to an annual review by top managers, which is an important commitment to guarantee the credibility and effectiveness of an organization's environmental management system. Accordingly, the top managers' role is to communicate not only the annual review to stakeholders and lower level managers but, also the value of ethics of the organisation (Zeng, Tam, Deng & Tam, 2003).

Within less than a decade, large construction organisations around the world that have applied EMS demonstrated improved efficiency in occupational health and a rise in the market share. Some companies, however, face a lack of both government and client support, and are burdened with expensive implementation costs and a deteriorated relationship with subcontractors (Christini, Fetsko, & Hendrickson, 2004). It is assumed that one of the reasons for that is in the prevailing classic corporate governance structure (Petrovic-Lazarevic 2006, Petrovic-Lazarevic, 2005) (See Figure 1).

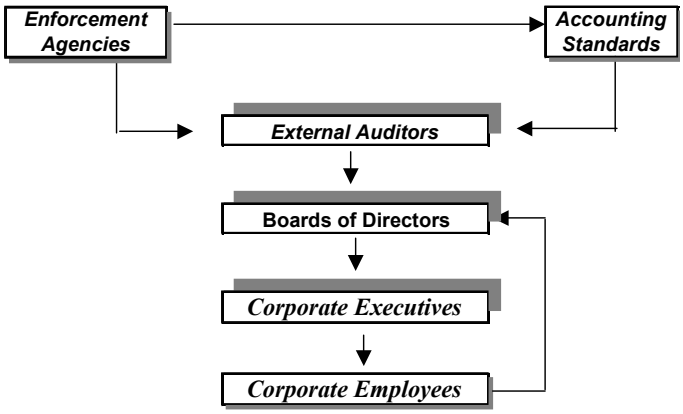
The classic corporate governance structure consists of External Auditors and Corporate Employees who influence decisions of the Boards of Directors, while Corporate Executives receive instructions from the Boards of Directors. This structure indicates a complexity of providing business information and vulnerability in receiving asymmetric information from the corporation's business units (Sama and Shoaf, 2003). The structure also highlights that the organisational culture excludes any knowledge sharing among those who are affected by the company such as customers, local community and local government (Petrovic-Lazarevic 2006).

Indeed, from Figure 1 it follows that the influence of community perception of an organisation's activities to the Boards of Directors does not exist, or at least is not of any relevance. It assumes that a transfer of knowledge from direct beneficiaries of the company, sub-contactors and suppliers to the company's governance itself does not exist. Even if a corporation does apply ISO 14001 EMS standards, community concerns for organisational business ethics may persist, not to mention any external influences from government or via an officially applied environmental policy to the Board of Directors. In the present corporate governance model they are obviously disregarded.

In addition, the structure does not facilitate the flow of information about corporate ethical social responsibility to preserve a healthy working environment for its employees, suppliers, customers and community (Petrovic-Lazarevic, 2004). Such companies have communication problems with their community. In presenting what companies are and what they claim they do, there is a great concern as to what extent organizational vision is perceived in the external environment and how much it differs from official organisational aspirations to preserve and protect a healthy working environment (HWE) (Petrovic-Lazarevic, 2003).

Care for a healthy environment comprises not only construction industry corporation concerns of keeping its external working environment in good shape, but also providing a high level of occupational health and safety (OHS) measures to preserve good internal working conditions. The former mostly imposes the application of ISO 14001 EMS, while the latter comprises OHS measures in construction industry organisations. In order to take into consideration both external and internal working environmental concerns and to overcome problems that appear with the corporate governance present structure a new structure has been recommended for use (Petrovic-Lazarevic, 2006).

Figure 1: Existing Corporate Governance Structure



Source: Sama and Shoaf, 2003

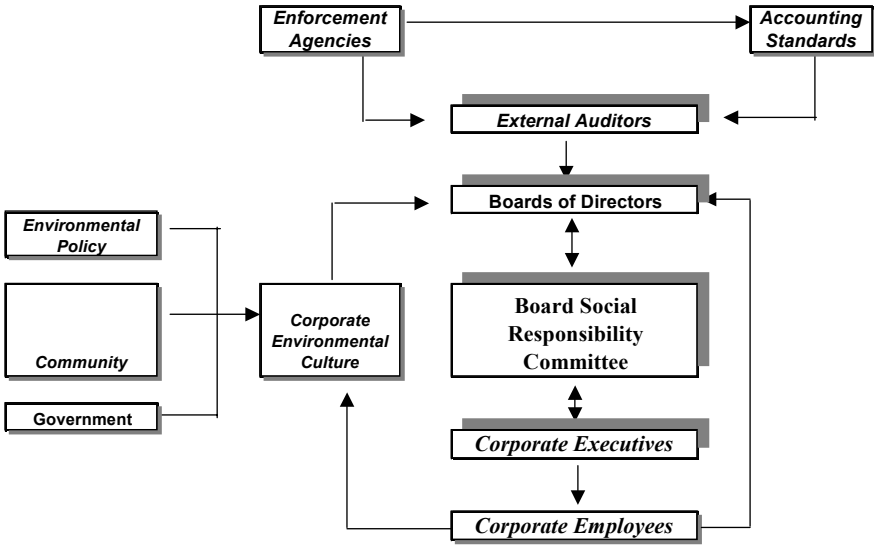
The new structure establishes a Board Social Responsibility Committee (See Figure 2) to overview the role of corporate governance which consequently bridges a gap between the vision of an organisation and its perception by the community. The Board Social Responsibility Committee would also overcome regional differences in values where construction industry organizations are working in different cultural environments, by being responsible for all socially affected and related activities within that environment. An image of an organization that cares for its environment will, no doubt, contribute to the organization being better positioned among its clients and users compared to organisations that do not place a high value on social responsibility.

In the proposed corporate governance structure a Corporate Environmental Culture is influenced by information received from three sources: Environmental Policies, Community and Government regulations. The sources in fact represent the crucial elements that constitute the essence of ISO 14001 EMS certificate (See Figure 2).

Community refers to organisational ethical issues that are highly understood and accepted by the locals. The influence of such information creates the overall perception of organisational ethical activities in the community. This does not mean, however, that the organisation should be involved in solving all social problems, but only those that the company has caused and are related to its business operations and interests (Wood, 1991).

The role of Government is to support corporate social responsibility with law, which may include a request to comply with the ISO 14001 regulations. From the proposed model information flow contributes to shape corporate environmental culture, which by its own side influences an attitude towards a healthy environment and improves its image in the community.

Figure 2: Improved Corporate Governance Structure



In the proposed model Corporate Environmental Culture should play an active role in influencing the Boards of Directors' decisions to determine the corporation's strategic intent to support an environment that its local community will welcome.

The new governance structure also points to the significance of the Board Social Responsibility Committee that would play an active role in transferring knowledge from the Corporate Executives to the Boards of Directors and vice versa. According to the recent research findings (Petrovic-Lazarevic & Perry, 2004), the latter imposes an improvement of OHS measures relevant to sub-contractors, construction industry corporations' employees attitudes towards acceptance of pursuing OHS measures, along with training and improved cooperation between construction industry unions and government. Contemporary literature also suggests that the proposed corporate governance structure based on organisational culture towards preserving both healthy environment and good working conditions contributes to the construction industry corporations to sustain their competitive advantage (Petrovic-Lazarevic, 2006).

METHODOLOGY

The research involved interviews with the representatives of corporate governance and community, suppliers and employees of nine out of 15 leading Australian construction industry organisations. Each organisation is a member of the Australian Construction Industry Association with an annual turnover in excess of $300 million.

Interviews were based on semi structured questionnaire that was previously approved by the Standing Committee on Ethics in Research Involving Humans at Monash University. The questionnaire consisted of the following parts:

- Vision statement about commitment to pursue healthy environment

- Definition of healthy working environment
- Corporate governance structure and corporate social responsibility
- Application of ISO 14001 EMS and OHS measures
- Communication of value and ethics.

Companies received a research outline and consent form directed to an appropriate representative. When interviews with the corporate governance representative were completed, shorter interviews commenced with an employee (mostly project managers), supplier, customer, and a community representative to gauge their perception of the values and ethics of the construction company as experienced by interaction at different levels. An understanding was also sought on personal perceptions of a *healthy working environment* and whether that correlated with company values. The majority of interviews were conducted over the phone, and three conducted in-person to corporate governance representatives. Interviews were recorded and transcribed.

FINDINGS

The research findings are presented by the questionnaire parts.

Commitment to providing a healthy working environment within the organisation's vision

Six out of nine companies approached stated the importance of preserving a healthy environment in general. All companies understood that a company value is related to a HWE. Four companies recognise the relevance of having good relationship with a community where they operate by satisfying community needs and well-being of the community without explicitly explaining what *the needs* and *well-being* mean.

Interviews with corporate governance representatives revealed that although not specifically highlighted in the organisational vision, some of the companies relate their vision to the implementation of a formal EMS, recognising ISO 14001 standards.

Definition of a healthy working environment

All companies agree that a HWE embraces safety in the workplace. Excellent communication from the top management down and good team work was a priority for another. One company extended the view to include all who crossed the floor or entered a building site, and that included subcontractors.

Perceptions of a HWE by employees, community representatives, customers and suppliers, differed

According to the employees' opinion in seven companies, a HWE is dependent upon good communications between managers and employees, creation of an atmosphere of consultative and participative approach to receive feedback from workers, provision of good training in OHS measures. It should be pointed here that, according to characteristics of a workplace in the construction industry (Petrovic-Lazarevic, 2005) company support for workers to enjoy a life outside the work place should be incorporated into organisational HWE policies.

Community representatives opine that HWE includes OHS measures, good communication between managers and employees and a safe environment.

Customers concerns were many sided. In interviewing architects, construction objects direct users and those involved with construction objects maintenance, all agreed that a safe working environment was paramount, together with sound ethical policies to sustain a healthy environment, such as low volatile organic compound products used in building materials.

They also indicated that a trust between parties was most important, signalling good communication amongst all involved, providing opportunity for feedback to allay possible conflict.

Suppliers agreed that a team work was equally important to preserving a HWE as well as communication among team members. As a consequence, responsibility for safe construction sites was crucial. Some suppliers commented that when the employees were happy with their working environment, it reflected in higher productivity.

Corporate governance structure and corporate governance responsibility

The Australian Construction companies are under some pressure to improve corporate governance and social responsibility following the Cole Royal Commission (2003) which primarily investigated allegations of union corruption, fraud and other illegality in the Industry. Following the Final Report of the Cole Royal Commission, the Australian Stock Exchange (ASX, 2003) initiated a set of Ten Core *Principles of Good Corporate Governance* with implementation guidance in the form of best practice recommendations for all listed companies. Accordingly "companies are required to provide a statement in their annual report disclosing the extent to which they have followed these best practice recommendations in the reporting period. Where companies have not followed all the recommendations, they must identify the recommendations that have not been followed and give reasons for not following them." (ASX, Rule 4.10).

Both corporate governance and employee interviewees criticised the volume of environmental legislation that the Australian construction industry had to cope with, which was second only to OSH legislation. For example, Government legal requests related to a healthy environment are fulfilled through licence and approval conditions as a part of construction project run. In addition, each company is obliged to introduce a *Greenhouse Plus Challenge* including *Environmental Protection* and *Biodiversity Conservation Act*. The main pressure was from non-standardised legislation across the Australian states, rather than Federal Government legislation.

Four out of nine companies acknowledged their corporate governance structure was similar to Figure 1, while other companies were moving away from the classic corporate governance structure towards the establishment of a Social Responsible Committee (see Figure 2). According to corporate governance representatives this is a major cultural change that is gradually developing in all construction companies. There was no representation from either community or supplier on corporate governance boards, but designated community representative managed liaison activities between the community, local government and the construction company at site level.

Other variations to Board Committees included:

- a Sustainable Project Control Group that took care of community understanding of the companies efforts to preserve a healthy environment in compliance with government environmental policies;

- a Corporate Safety and Environmental Quality Committee that was responsible for a total Quality Management System;

- An Executive Risk Management Committee that managed social responsibility through an Integrated Management System Review Group, that reviewed implementation and revision of management systems including audits, non-compliance, complaints, quality safety and environmental issues;

- Communicating social responsibility through newsletters, internet and telephone management system to all staff;

- An Ethics and Compliance Committee that incorporates OHS, Environment, Community and Ethics; and

- Sponsorship and encouragement of corporate involvement within the community, as with one company: community action groups, charities, youth groups, sponsorships, building programmes.

On addressing the question to several corporate governance representatives of where the impetus for change was emanating, the perception was that changing values filtered down from the large industry partners, such as oil companies, and when a major change occurred, there was a flow-on effect to the construction companies. For example, oil companies have introduced *Incident and Injury Free* policies to minimise the risk of injury and some construction companies have incorporated these new practices into their OHS policies.

The approach to corporate social responsibility differs from organisation to organisation. Variations included:

- Ethics and Compliance Committee takes care of social responsibility

- Everyone is social responsible

- Project managers at a project level have direct social responsibility for project activities undertaken

- Senior litigation person and community liaison people are in charge of social responsibility

- Social responsible is a value since *People comes first*

Application of ISO 14001 EMS and OHS measures

Six of the nine interviewed organisations have ISO14001 EMS certification and two were considering it. The other company was a parent company and the certification lay with the operating companies.

The following reasons were given on why ISO14001 EMS certification was being adopted in their organisations:

- Companies were driven by contractual and community requirements

- Importance to be competitive and maintain quality

- To be good corporate citizens

- Clients requested it. Sometimes clients want to know how EMS was going to be managed, although it is ‘compliance’ rather than certification that was important

- Increased public awareness through scientific research of global environmental concerns.

Company A set the board policy, practical procedures and complying with the policy, while each operating contractor was responsible for the application of EMS.

The Business Systems and Environment Manager from the Company B was responsible for ISO14001 implementation and each project had its own prescriptive environmental management plan.

In Company C both the Managing Director and Finance Director were responsible for Environmental Policy as a part of EMS. Depending on the size of project, an environmental manger would be appointed to a construction site while the other managers were responsible for quality and safety. Reporting for EMS was primarily being implemented at project site. As a project proceeds, a whole serious of analysis and risks assessments are reported periodically for monthly auditing. The system is subjected to annual management review, as requested by the standards. Checking and corrective action procedures are built in to the EMS systems.

Company D was in the process of creating the *greening* side of EMS. Apart from standard forms for reporting, a web-based project management system was used and performance targets aimed at reusing or recycling 90% of waste.

Company E identified risks and work-ethic statements, with checklists drawn up for each project. Monthly reporting covered environmental and safety issues from all sites. All other reports were provided quarterly to the Board of Directors.

Company F spoke about concerns around disposing of contaminated material. By adopting EMS, they were able to manage the waste more effectively. Each project set environmental objectives and targets, and controls were to be followed for all personnel, subcontractors and consultants. Audits and checks as part of review-compliance reports go to the Board. When breaches of legislation occur, it is taken seriously and discussed on the Board of Directors agenda.

After applying EMS Standards, Company G saved on environmental recycling and minimised waste.

Company H has introduced in its EMS standards a *safety first* culture at all levels. In environmental risk management the Company had developed numerous standards that were modified to suit site conditions.

Company I, implemented a generalised environmental plan which was primarily about waste control, unless specific environmental issues were required at tender. Reporting flowed from the project site manager to senior construction manager and onto the Board. Sometimes an independent project manger would be engaged to represent the client or to perform a third party audit. Auditing of projects was prepared fortnightly and results reported to the Board.

The spin-off from developing an EMS process besides making savings through environmental recycling and minimising waste was that all companies found that it added quality to their management systems and helped them do a better job.

Enforcement of OHS regulations in the Australian construction industry is based on bringing safer working conditions in large organisations in order to make them more productive and globally competitive (Petrovic-Lazarevic, 2006). At present there are concerns about subcontractors' safety and little cooperation between industry, unions and government. The majority of small subcontractors do not have sufficient resources to design and implement their own comprehensive safety policies, although there is a clear indication of importance of having such policies when a large organisation offers a job to a sub-contractor. Where there is no policy, corporations try to ensure that subcontractors comply with the corporation's OHS measures policy by monitoring their actions. According to Petrovic-Lazarevic and Perry (2004), a union/government conflict indicates a greater need for union cooperation with the government to properly address OHS measures issues. It appears that the unions were using safety issues as a weapon for stopping work and other industrial action. As a consequence, the agenda of the unions sometimes complicated the

industrial relations process, making managers sceptical about real OHS measures concerns on-site.

Communication of values and ethics

Since communication has been highlighted as one of the core values of each organisation and is also understood as an important element of a HWE by community representative interviews, we have researched whether top managers communicate to stakeholders and lower level managers the values and ethics of the organisation. We have found that the Australian construction industry corporations have taken some steps to improve their communication with their community. The findings are as follows:

- Six companies communicated their values and ethics through the Annual Report, while two companies used only websites for communication purposes.

- Company A is about to introduce a core requirement for each subcontractor relevant to corporate environmental culture. The subcontractor will have primary responsibility with communicating environmental issues with the community.

- Realising the importance of exchanging information with the community for gaining an image of the organisation who cares for its environment, Company B has provided a number of workshops and displays in shopping centres to advise and involve the community in what they are doing and going to do.

- Regarding Company C, community requests were relevant depending on each project For example, if the project was construction-only, then the client would take care of community responsibility. But if the project included design and construction, then the contractor took care of community relations. Community groups often meet with the Company representatives such as the project manager, construction manager, quality manager and environmental manger to discuss potential impact on the community.

- Company D had been actively liaising with the local community since the 1970s. They allow a Community group to use their premises for meetings. For the last ten years office staff take one day off to contribute to the community such as paint park benches, upgrade foot paths at hospitals, take out disabled children to visit building site. Charity and community groups are frequently asked for their wish list and employees then nominate which activity they would like to participate in.

- In the Company E if there are any environmental concerns related to a project work, they will be resolved at the project site level. Following the state legislative requirements, the Company notifies the community via mail drops and notices to keep them informed.

- Project managers of the Company F are encouraged to be actively involved in the community through local governments, sporting teams and schools. Some construction sites have active stakeholder relations through regular meetings, public display and media release forums.

- Two most senior people on project sites of the Company G liaise with the community. They are in charge of air quality testing/monitoring, water run-off, to make sure drains are not contaminated with waste.

- In order to keep the community informed, Company H provides letter drops, organises core meetings or may even go to schools and run little competitions, giving children hats and T-shirts. In some cases community liaison is managed by a higher authority in the company.

- With Company I most of community issues are resolved during the planing process, long before construction starts. For example, planning permit is issued with conditions of how to manage water onsite during construction, or traffic management. These prescriptive permit requirements reflect community issues that flow through the builder to be complied with. It is the developer rather than the building company that deals with these issues.

Compared to all other companies, the I Company had a specific approach to communication of values and ethics. This approach was based on an opinion that a construction company can only run with a huge amount of delegation, since each project was a *mini business*. In construction companies generally a high level of trust is required, along with responsibility and good ethical behaviour. In Company I primary responsibility of leadership was to provide direction to project staff. Senior management is seen as a resource for project managers and construction employees. Workers are empowered to make their own value judgments from the examples that management sets. With a culture of open communication staff produces regular feedback through the webs site to ensure continuous business improvement

DISCUSSION

For all companies we have approached, the core values reflect improvement of a HWE. The working environment is primarily related to construction site OHS measures for *people to return home in the same or better condition than when they arrived at work.* Although all companies apply ISO 14001 EMS, only six companies believe that core values include preservation of a healthy environment in general. Such findings obviously indicate that in explaining organisational vision, the majority of the Australian construction industry corporations pay attention to both healthy internal environment and healthy external environment.

The perception of corporate governance responsibility for a HWE differs amongst employees, community representatives, customers and suppliers. While corporate governance representatives understand a HWE as maintaining good OHS measures, employees see open communication and empowerment as key elements of a HWE. The perception is in the information flow from top level management to project site, and where this is seen in action only then do the core values make sense.

All organisations involved in the research project are corporations. Four companies pursued a classic corporate governance structure approach of which three companies are in a process of including some form of a committee to be responsible for the environment. The other five companies applied a modified classic governance structure that looks more as the improved structure from Figure 2.

None of the companies had suppliers or community representatives involved in corporate governance, although they incorporated community responsibility into their official corporate values and ethical principles and some have established Corporate Environmental Culture Committee. In some cases, however, board members from other industry backgrounds who have community links, take on a role of community representative.

The construction industry organisations' values are being influenced by other industries, such as the oil industry, initiating a need to change the organisational culture to incorporate environmental values in their vision and mission.

While all companies have formal environmental goals defined, the approach to corporate social responsibility differs from corporation to corporation. For example, in a few companies propose that everybody *has a corporate social reasonability,* while in other companies specific committees are introduced to define guidelines and implement systems.

By introducing EMS, a voluntary standard to improve healthy environment, all companies we have approached, have demonstrated commitment to have effective management of their business to remain globally competitive. The companies see the importance of EMS standards application for gaining and sustaining their competitive advantage. As indicated by Petrovic-Lazarevic (2005), Price and Newson (2003), Myers (2003), Burnett (1999) and Westphal and Zajec (1997), the companies seem to be fully aware of importance of supporting healthy environment for their business success.

Because of EMS standards requirements, the companies that apply ISO14001 EMS have to deal with Environmental Policy, develop different forms of communication with their community, and fulfil legal Government request. In fact they already apply all elements of Corporate Environmental Culture from the improved corporate governance structure (See Figure 2). That should help them to easily communicate their both external and internal healthy environment concerns, and consequently improve their image in the community.

Even though a general perception of OHS measures imposed to the Australian Construction Industry corporations helps them to have an image of organisations who care for a safe working environment, it seems that there are still many issues including sub-contactors safety and cooperation between, industry, union and government to be resolved in order to help corporations to be more competitive. These issues, by all means influence the community and competitors perception of the organisational ethical responsibility.

Way of communicating values and ethics of organisations points to the Annual Report as the mostly used approach. It is followed by companies' web sites. Although *Open communication* way appears to be appropriate for the construction industry since each construction project is in fact a *mini business*, there seems there is still no high level of trust among parties involved in the project. Trust is a *conditio sine qua non* for *Open communication* existence.

Research findings indicate it is obvious that corporations provide information to the community of their ways of improving both HWE and external environment through statement of organisational vision and direct liaison with the local community. But it does not seem that they are keen to know what the exact community perception of organisational core healthy environment values is. Therefore, communication looks like being one-sided. To provide a full understanding of organisational HWE vision, however, it is necessary to have both-sided information flow, to and from the organisation. Knowing what is the community perception of the organisational commitment to preserving healthy environment, helps both corporations' top management to correct their actions to gain a reputation of *the company that cares for its environment*, and minimises the gap between official organisational environmental aspirations and its perception in the community. The organisations will have an image that they care to preserve both working healthy environment and external environment and consequently improve their competitiveness.

CONCLUSIONS

Australian Construction companies are re-thinking their health, safety and environmental responsibility, and are committed to improve their industry competitiveness. They cope with much environmental legislation that is not standardised from state to state; while at the same time apply their own ISO 14001 EMS standards that expand on the minimum set by legislation.

The corporations' core values articulated in the organisational vision include HWE, although a real understanding of what is the meaning of HWE differs among stakeholders. Following a classic governance structure, diverse understandings of an HWE may contribute to a remaining gap between the vision of the organisation and the way it is perceived in the community.

Organisations are aware of the importance of having an image of a good corporate citizen who cares for the environment. Organisations intend to improve their governance structure in

accordance with EMS standards. When it comes to OHS measures, however, there are still issues such as sub-contactors safety and cooperation between, industry, union and government to be resolved. Some companies have established Corporate Environmental Culture Committees, but none has a community or supplier representative in corporate governance. Corporate environmental culture is developing with liaising with community directly, but still there is no knowledge sharing among organisation and local government, local community and customers. Information flow is one-sided from the organisation to the community.

While Australian construction industry organisations state in their vision the determination to preserve a healthy environment, it seems they are not interested to know what the stakeholders perceive such determination to be. Without information about the community perception of organisational environmental commitments – a gap will remain between official organisational environmental aspirations and its acceptance among stakeholders. As a result, the industry competitiveness may be jeopardised.

Our future interests are to research the implications of EMS in areas where newly designed building cost effectiveness is more important for developer than to preserve a HWE.

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