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An investigation of corporate approaches to sustainability in the construction industry

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Abstract

Corporate sustainability demands the integration of environmental performance, social justice and economic efficiency and, into company's operational practices. Construction companies are increasingly under pressure to commit to and report on the overall sustainability performances of operational initiatives. The aim of this paper is to investigate the sustainability performance of the top 50 construction contractors listed by Engineering News Record (ENR) against the triple bottom line. Under this aim, the specific objectives are: (i) examine the approaches adopted by construction firms to disclose their commitments to sustainability; (ii) review the firms' annual and sustainability reports; and (iii) analyse the sustainability performance of construction firms against the GRI (Global Reporting Initiatives) guidelines. This study adopted survey design in which data were collected by reviewing publicly available organisational documents. Afterward, content analysis was conducted. The results indicate that financial performance is still the main target of most organisations. European contractors are considered best and Australasian contractors on the other side are considered as worst in reporting sustainability initiatives.

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1. Introduction

Construction industry contributes significantly to most economies in terms of GDP and employment. However, on the other side construction activities have several negative impacts on the society and planet itself these include:

carbon emissions; pollution (noise; air; water quality); and waste generation [1]. There is an increased pressure on construction companies to broaden the accountability of companies beyond economic performance, for shareholders, to sustainability performance for all stakeholders [2]. Consequently sustainability has become an important agenda on the company's strategic decision making.

International institute for sustainable development(IISD, 1992) defined corporate sustainability as “*adopting business strategies and activities that meet the needs of the enterprise and its stakeholders today while protecting, sustaining and enhancing the human and natural resources that will be needed in the future*”[3]. Organisational sustainability performance has interested many researchers. Hahn and Scheermesser researched the approached among German companies, they used a cluster analysis to distinguish between three significantly distinct types of approach to corporate sustainability among the respondents: sustainability leaders, environmentalists and traditionalists [4]. Similarly Jones et al., researched sustainability practices of US engineering and construction firms [5]. However none of studies focused on the sustainability practices of construction companies against GRI guidelines.

This paper adopted a survey research design and aimed to examine sustainability practices of top 50 construction contractors listed by Engineering News Record (ENR). The objectives of this paper are: (i) examine the approaches adopted by construction firms to disclose their commitments to sustainability; (ii) review the firms' annual and sustainability reports; and (iii) analyse the sustainability performance of construction firms against the GRI (Global Reporting Initiatives) guidelines.

2. Organisational sustainability and sustainability performance

The words “sustainability” and “sustainable development” are often used interchangeably. The World Commission on Environment and Development defined sustainable development as “*meeting the needs of the present without compromising the ability of future generations to meet their own needs*” [5, p. 8]. Organisational sustainability extends the principles of sustainable development to the level of organisations. From this perspective, an organisation is considered sustainable if a certain level of performance is attained in all the three dimensions of sustainability (i.e. social, economic and environmental). Thus organisational sustainability is about finding the balance between the three main aspects of sustainability. International institute for sustainable development(IISD, 1992) interpreted corporate sustainability as “*adopting business strategies and activities that meet the needs of the enterprise and its stakeholders while protecting, sustaining, and enhancing the human and natural resources that will be needed in the future*”[6].

Dyllick and Hockerts defined organisational sustainability as “*meeting the needs of a firms' direct and indirect stake holders (such as shareholders, employees, client, pressure groups, communities) without compromising its ability to meet the needs of future stakeholders*”[7, p.131]. They highlighted that the departure of sustainability from orthodox management to the triple bottom line concept is the realization that economic success alone is not a sufficient condition for the overall long term sustainability of corporations. Similarly, Artiach et al. characterised corporate sustainability as a business and investment strategy that aims to use the best business practices to meet and balance the needs of current stakeholders [8]. These definitions are based on stakeholder theory (Freeman 1984), which is one of the most widely applied theoretical frameworks for research on corporate sustainability. Stakeholder theory suggests that corporations have obligations to individuals and groups both inside and outside of the corporation, including employees, customers, shareholders and the wider community [9].

The most important challenge in organisational sustainability field is to obtain a widely accepted and robust method to assess firms' sustainability performance. According to Montiel and Delgado-Ceballos there is an agreement on how to measure environmental dimension of organisational sustainability but there is a lack of clarity on how to measure the economic and social dimensions[10].

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