Aligning business education with industry expectations on employability and sustainability

Final report 2019

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http://tiny.cc/aligning
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Yvonne Breyer

February 2017
# List of acronyms and abbreviations

<table>
<thead>
<tr>
<th>Acronym</th>
<th>Full Form</th>
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<tbody>
<tr>
<td>ABCN</td>
<td>Australian Business and Community Network</td>
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<td>ACCC</td>
<td>Australian Competition and Consumer Commission</td>
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<td>ANZ</td>
<td>Australia and New Zealand</td>
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<td>APC</td>
<td>Australian Packaging Covenant</td>
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<td>ASOC</td>
<td>Advanced Security Operations Centre</td>
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<tr>
<td>CDP</td>
<td>formerly the Carbon Disclosure Project</td>
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<tr>
<td>CEO</td>
<td>Chief Executive Officer</td>
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<td>CSIRO</td>
<td>Commonwealth Scientific and Industrial Research Organisation</td>
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<td>CSR</td>
<td>corporate social responsibility</td>
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<td>DJSI</td>
<td>Dow Jones Sustainability Index</td>
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<td>DSEP</td>
<td>Dove Self-esteem Project</td>
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<td>DTP</td>
<td>Digital Thumbprint Program</td>
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<td>EfS</td>
<td>Education for sustainability</td>
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<td>Fuji Xerox</td>
<td>Fuji Xerox Australia Pty. Ltd.</td>
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<td>Fujitsu</td>
<td>Fujitsu Australia Limited</td>
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<td>FX Australia</td>
<td>Fuji Xerox Australia Pty. Ltd.</td>
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<td>GRI</td>
<td>Global Reporting Initiative</td>
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<td>HEI</td>
<td>Higher education institution</td>
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<td>ISO</td>
<td>International Organisation for Standardisation</td>
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<td>IT</td>
<td>Information technology</td>
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<td>KPIs</td>
<td>Key performance indicators</td>
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<td>L’Occitane</td>
<td>L’Occitane Australia Pty. Ltd.</td>
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<tr>
<td>LCA</td>
<td>lifecycle assessment</td>
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<td>LSIS</td>
<td>Learning and Skills Improvement Service</td>
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<td>MQU</td>
<td>Macquarie University</td>
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<td>NGER</td>
<td>National Greenhouse and Energy Reporting</td>
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<td>PELTHE</td>
<td>Promotion of Excellence in Learning and Teaching in Higher Education</td>
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<td>Scentre</td>
<td>Scentre Group</td>
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<td>SDGs</td>
<td>the United Nations’ Sustainable Development Goals</td>
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<tr>
<td>Singtel Optus</td>
<td>Singtel Optus Pty. Ltd.</td>
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<td>UNEP</td>
<td>United Nations Environment Programme</td>
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<td>Unilever</td>
<td>Unilever Australasia</td>
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<td>WBCSD</td>
<td>World Business Council for Sustainable Development</td>
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Executive summary

Are your business schools really in touch with the issues that will increasingly have an impact on the future viability of businesses? He went on: ‘Or should wise and forward-thinking companies be looking elsewhere to develop their executives for the future?’

Prince Charles posed the above questions while addressing business school leaders in London in 2015 (Tornero 2015). Around the world and in Australia, businesses have begun to take a leadership role in sustainability. The purposes for pursuing sustainability have begun to shift from mere reputation management and green rubber-stamping to a deliberate realignment of organisational missions, core business goals and sustainability-related values (Aliento 2015; Accenture 2013; McKinsey 2014). But are Australian business faculties and schools adequately preparing graduates to help businesses meet the global sustainability challenge? This is the question we explored in an Australian higher education and industry context in this seed project.

As Australian businesses seek to realign themselves with the ‘sustainability imperative’ (Lubin & Esty 2010), Australian Higher Education institutions (HEIs) must respond in kind. After all, it is their graduates, as future leaders and managers, that will be required to plan and implement sustainability projects, initiatives and responses. The aim of this project was to investigate the skills, knowledge and attitudes that businesses expect from Australia’s higher education graduates, especially business schools and faculties, with a view to improving their employability and their effectiveness once employed. A literature review informed the main research question, along with seven more specific subquestions to investigate the problem.

Fifteen Sydney-based executives in seven large business organisations were interviewed to gain a range of insights about their sustainability practices and their expectations related to sustainability literacy, skills, knowledge and other attributes in HEI graduates. The highlights of these empirical case studies are described here.

Over the past few years, sustainability has evolved. Once a narrow perspective focused on corporate social responsibility (CSR), giving back to the community and environmental reporting for compliance, sustainability is now a core component of many businesses’ long-term growth strategies and a major pillar of their business models. It is acknowledged as a critical part of the company’s long-term future. The drivers of the sustainability agenda vary, but stakeholders’ expectations and long-term business values have, indeed, placed sustainability strategies at the leadership table. Organisations now define their focus and commitment to a sustainability agenda by articulating a purpose, vision and values. The proposition that sustainability is no longer a ‘feel-good’, ‘charity’ option, but rather is a core part of business operations is clear in the empirical studies conducted as part of this project.

This study shows that, even though a sustainability strategy is deemed important, HEIs are not sufficiently preparing business graduates to take sustainability leadership and its agenda further. Employers require candidates to be able to innovate, lead and manage change, be agile, learn quickly and be able to operate in an uncertain environment. It was unexpectedly found that even established organisations are demanding attributes that are typically only demanded by new and disruptive organisations, not organisations that are conducting
business-as-usual. Furthermore, the expectation is that all graduates should have practical sustainability capabilities, not just those who have studied specialist courses in sustainability. At the very least, the Australian executives in this sample want graduates to have a sustainability mindset to complement their core business models, as opposed to a limited grasp of CSR and environmental issues. Participants expressed dissatisfaction with current HEI graduates’ ability to apply theory, their lack of business acumen or ‘savvy’, and their lack of practical experience in general. Thus, there is an urgent need to fulfil the above expectations. This study is an important milestone in providing new insights into the capabilities currently demanded of HEI business graduates, and how they differ from those who have studied courses specialising in sustainability. The study also uncovered vital insights into which sustainability capabilities are important to business leaders and how they are acquired and developed by organisations practicing sustainability.

Four case study learning packs were developed as part of the project that consist of reading and discussion guides on each case study. These packs introduce real world topics and issues, stimulate debate and drive further investigation in various Australian business contexts. Each of the four case studies showcases a sustainability initiative; they are Singtel Optus’ holistic sustainability strategy, Fuji Xerox Australia’s product stewarding and remanufacturing initiatives, Dove’s social mission to enhance the self-esteem of young females, and Lipton Ice Tea’s CSR initiatives as part of its Unilever Sustainable Living Plan. The case studies have two interesting features: (a) they were developed by students in collaboration with a project team member, and (b) they examine sustainability initiatives in multinational corporations in an Australian context. The industry sectors span information technology, document management, telecommunications and consumer packaged goods.

An assessment rubric provides a framework for teaching and assessing sustainability skills in Australian HEIs. In addition, two ‘how to’ guides were developed. One assists academics in guiding their students on how to ‘sell’ their sustainability skill-set to boost their employability, the other assists academic marketing teams and career officers in communicating the benefits of sustainability literacy in graduates to employers.

This seed project makes two major contributions. First, it generates valuable empirical insights into the sustainability-related capabilities expected of Australian HEI graduates. Second, it provides valuable instructional materials set in an Australian business context that can be used by HEIs as part of their curriculum.
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Business expectations report

The long title of this study is ‘Australian business and industry expectations from education for sustainability (EfS): Link to employability and the imperative for Australian HEI and their graduates’.
Chapter 1: Introduction

The business sector has had a fraught relationship with sustainability (Accenture 2013; Baets 2016). Prince Charles criticised the traditional view of sustainability in business as suggestive of ‘the kinds of measures that frustrate robust decision-making and the maximisation of profit’. Speaking to business school faculties at a conference at the London Business School, he went further, ‘Far too often, sustainability is seen as a “nice-to-have” with no requirement for a seat at the boardroom table. This really is a very short-sighted and out-dated view’ (Tornero 2015).

But with a more environmentally conscious approach to business as a new generation of talent takes the driver’s seat, things may be changing after all (Baets 2016). In fact, Gleeson-White’s (2014) extensive reporting in her book, *Six Capitals*, and surveys by McKinsey (2014) and Accenture (2013) suggest that the business sector has begun to take a leadership role in sustainability, treating it as a key business issue, not merely a green rubber stamp. This further leads to the belief that the motivation for companies to adopt sustainable practices now goes much deeper than reputation management. A desire to align sustainability with key business goals and values may be emerging. In short, the industry is increasingly placing a high value on sustainability.

This change in attitude may be the result of a realisation by the business sector that sustainability is key to their own long-term benefit and not just a ‘favour’ made to the environment. A survey of how changing climate and resource scarcity are likely to impact companies’ bottom lines and their response to the problem has put the matter in black and white by The Carbon Trust’s (2015) study. Indeed, Whelan (2015) identified six trends that are driving businesses to emphasise sustainability: (1) shifting consumer attitudes fuelled by the demographic rise of ‘aspirationals’, (2) the breakdown of silos such that sustainability is now considered in marketing and leadership decisions, (3) the need for sustainability for reliable supply, (4) integrating environmental and social goals, (5) increasing government engagement, and (6) revolutionising communications.

Consumers, especially young people, have also played a role in motivating companies to discharge their responsibilities to sustainability. When asked about a brand they loved, CSR and environmental reasons were prevalent (Shelton 2015). Consumers are willing to pay more for products and services provided by companies that are committed to positive social and environmental impacts, according to a new study by Nielsen (Adams 2014). As an example of young people leading the charge on sustainability, a 19-year-old has developed a plan for an ocean clean-up array device that cleans plastic garbage from oceans (Singh 2013).

It must be noted, though, that consumer behaviour may not always be progressive. Several barriers to ethical behaviour exist. ‘It’s too hard to be green’, ‘green stigma’ and ‘green reservations’ are among the arguments that make consumers who profess to be concerned about the environment choose not to buy greener products more regularly or even at all (Johnstone & Tan 2015). And, young people are not immune. As Head (2015) claims, while millennials might champion the cause of recycling and water conservation, they do not practice such behaviours or ‘walk the talk’ on sustainability (Head 2015; Von Der Heidt & Lamberton 2011). The signals on consumer readiness for sustainability and their willingness to pay the price may be mixed, but trends are often known to take a sharp turn.
Whether consumers are ready or not, the long-term benefits of sustainability are made clear by Eccles et al. (2012), who used long-term data to show that companies that have voluntarily adopted sustainability policies have significantly outperformed their non-sustainability counterparts.

Recent studies have pushed for the sustainability imperative and have shown ways to achieve it. Integrated accounting that includes sustainability reporting and the need for financial and sustainability people to work together is highlighted by Gleeson-White (2014). Furthermore, a recent report by the World Business Council for Sustainable Development (WBCSD 2016) delves into facts and trends on the relationship between business activities, consumer behaviour and environmental and social challenges. So, even as the sustainability juggernaut has wound its way through marketing, operations, logistics, accounting and the CEO’s office, losing its way into greenwashing, and often confused by the definitions and scope of sustainability, it has nevertheless managed to keep moving through the corridors of business. Recently, Unruh et al. (2016) reported, with satisfaction, that the CFO’s office is the last bastion of defence against sustainability to be broken. They find that investors no longer solely care about the next quarter’s performance; rather, they make their investment decisions based on environment, social and governance metrics, including sustainability performance. There is emerging evidence that sustainability activities are material to the financial success of a company. In other words, investors give more thought to the sustainability performance of their prospective investments than many executives think. Sustainability is no longer an option but an imperative to continue doing business.

Industry’s response to the nascent sustainability imperative is both emergent and encouraging. Two recent examples show improvements in corporate involvement: there was a higher involvement of companies in the COP21 Conference (Makower 2015), and 11 big IT companies have committed to a 100% renewables goal in the clean energy market (Hepler 2015). The State of Responsible Business Report 2016 (Dowd 2016) has found that CEOs are more convinced of the value of sustainability and that it is better integrated with a business’s strategy. There may also be a difference in business response to the sustainability imperative based on their membership in substantive and informative groups and given the intensity of their sustainability initiatives; that is, whether they are strategic achievers, risk avoiders and suspicious hesitators. Nevertheless, the response is grossly inadequate, and companies are just beginning their sustainability journey as the GlobeScan SustainAbility survey of expert stakeholders representing business, government, NGOs and academia across 82 countries shows (Whan et al. 2015). The study, which evaluates the progress that various institutions have made since 1992 and reflects on their expectations for the next 20 years, found that values are paramount and progress will be out of reach without vision and commitment.

Small wins notwithstanding, it seems that the industry is not yet prepared to execute their sustainability imperative. Businesses lack the knowledge, and the imagination, to act on their good intentions and strong feelings. In fact, 79% of businesses lamented that ‘they were “only moderately to not at all” knowledgeable on how to make businesses more environmentally sustainable’ (Baets 2016). Similarly, McKinsey’s (2014) findings reveal that sustainability is seen as having an important business role, but companies have not yet mastered the reputation, execution and accountability associated with it.
Increasing pressure from consumers, investors and governments; the emergence of sustainability as a business imperative; and the industry’s lack of capability to execute on their good intentions lead to the proposition that there is an increasing need for managers who can design strategies and execute their sustainability imperatives in roles that are not explicitly environmental. After all, sustainability is not just the responsibility of managers working in sustainability, CSR experts or environmental managers but of every leader and employee. For example, in marketing, sustainable product development is claimed to benefit business (Xu & Morris 2005). So, companies need employees with sustainability knowledge, skills and attitudes as essential attributes. Furthermore, as these managers are often produced in business schools (and business and economics faculties), there is a growing need to ensure that future business and community leaders are adequately equipped.

The primary objective of this study is to validate this proposition and investigate Australian industry’s expectations of the higher education sector on the sustainability capabilities of the higher education sector’s output—its business graduates. The insights generated lead to several downstream outputs, including practical learning resources, like case studies, an assessment rubric and a communication guide.

Having clarified the objectives and with the background to the sustainability imperative in business above, the following section contains a review of the literature related to (higher) EFs with a focus on its link to employability. Note that the scope of this review is global, but the context of the study remains Australian business graduates and the role of EFs in their employability. Sustainability and its derivative areas, such as education for sustainability (EFs), are of an emerging nature and, as such, they are highly dynamic areas. These subjects attract and generate as much if not more research output and study outside of academia. Therefore, the literature review includes industry reports and media articles, as well as academic research.

Following the literature review, an overview of the methodology used to gather insights from the Australian business sector is provided. Findings related to their expectations and requirements of graduates from the higher education sector, specifically business school graduates, are described and discussed. Learning and teaching resources appear in the appendices.
Chapter 2: Literature review

Employability is increasingly being accepted as an important objective and responsibility of HEIs. Even though there are differences in beliefs about why, what and for whom employability matters, it is commonly accepted that students need to gain the skills, knowledge and attributes required of them in the initial stages of their career, and adapt to changing workforce needs (Bennett et al. 2015). But, HEIs often have a higher level of belief in the employability of their graduates than industry (Bennett et al. 2015), which leads to the need for improvement. This belief is not limited to HEIs; students also feel they are well-prepared with the skills and qualities needed for their career, but employers are dubious (Jaschik 2015). In fact, a recent reminder came from the B20 Human Capital Taskforce (2014, p.4) which calls for an increase in the ‘alignment and responsiveness between learning and the needs of workforce and industry’.

As the driving factors of employability are determined by employers, it is pertinent to know whether, and to what extent, the Australian industry values sustainability in their expectations of employees. Globally, examples of the links between sustainability literacy and employability are emerging. For example, the US Green Building Council has demanded that all students be schooled in sustainability by 2040 (SustainableBusiness.com 2014). Furthermore, the GlobeScan SustainAbility survey recommends that employees should be engaged in their corporation’s sustainability mission (Larsen 2015). But, Grant (2009) contends that the link between sustainability and employability is neither clearly specified nor justified. Employers want skills, such as teamwork, analytics and communication and show no evidence of a need for sustainability-related knowledge or skills in non-environmental companies. Instead of being discouraged by this finding, he contends that sustainability literacy can be presented as a key factor to set a graduate apart, although comments made in 2009 may seem rather dated in the highly dynamic field of sustainability.

One reason why employability may have been slow to connect with sustainability capabilities is that the definition of sustainability is ambiguous and often politically charged. The history of environmental sustainability goes back to the post-World War II period, but its scope has expanded in more recent times. The ‘triple bottom line’ is a good example of these shifts in meaning. Historically considered to combine economic development with environmental and social responsibility, triple bottom line is now defined even more generally as meeting the needs of the present without compromising the needs of future generations (Xu & Morrison 2005). The UN Global Compact’s 10 principles encompass human rights, labour, environment and anti-corruption (Accenture 2013). Mader et al. (2014) want sustainability-oriented teaching approaches to address social injustice, environmental quality and the economic challenges that face our communities today.

At the other end of the spectrum are students, and the good news is that not only are they aware of sustainability, but they are often selective in the companies they want to work for (Grant 2009). Students’ attitudes and understandings of the importance of employability skills, and their perception of where they can acquire these skills, was studied by Priddle et al. (2015). Meanwhile, Chaplin and Wyton (2014) studied the understanding of sustainability among university students in the UK, and their perception of the obstacles to following
sustainable living practices. It is encouraging that the leaders of the future want to work for more environmentally-friendly enterprises. In fact, a Yale study (Franceschini et al. 2016) presented to world leaders at COP21 reveals that eighty-four per cent of the surveyed students want to work for a company that has good environmental practices, and forty-four per cent will take a pay cut to work for such a company. Grant (2009) reveals that students are aware of sustainable development and are more selective in the companies they choose to work for.

Turning to the third side of the equation, HEIs and EfS are defined and scoped. First, it may be noted that sustainability-specific courses, such as Lund et al.’s (2014) curriculum frameworks for sustainable energy courses and Phelan et al.’s (2015) threshold learning outcomes for environmental and sustainability programs are important studies, but they target sustainability professionals and not the sustainability capabilities of business graduates. Pritchard and Atlay (2015) have distinguished between education about sustainability that focuses on cognition and knowledge and education for sustainability that includes ideas, understanding, values, skills and behaviour that prepare graduates to respond to future challenges and face uncertainty. EfS needs to be much more profound, deeper and transformative.

Are universities, and especially business schools, proactively responding to the emerging link between the business sector’s change in heart and the resulting increased preference for sustainability-capable graduates? Prince Charles does not think they are doing enough, given his taunts to an assembled business school faculty, ‘Should wise and forward-thinking companies be looking elsewhere to develop their executives for the future?’

Prince Charles may have his reservations, but EfS is slowly emerging as a field in its own right, as evidenced by a few recent studies. The Learning and Skills Improvement Service (LSIS) (2013) undertook a review of various approaches to teaching sustainability as an effective practice for educators. Of value were Vare and Scott’s (2007) typology and Coffield and Williamson’s (2011) five questions to HEIs for self-assessment. They also reviewed different competency models, knowledge types and pedagogies to embed sustainability into teaching, learning and curriculums. Of value was an articulation of what the sustainability agenda demands from leadership.

Mapping opportunities to develop education for sustainable development competencies was studied by Mader et al. (2014). As has been discussed earlier, the highly diverse scope of sustainability calls for an integrative approach to sustainability that combines aspects of several schools of thought, several methods and tools so that it fosters learning in all spheres: environmental, political, economic and social. Methods must exploit a variety of techniques, from classroom discussions to fieldwork and e-learning for a broader understanding, and take the needs and requirements of various stakeholders into consideration. In their book, Filho et al. (2015) articulate approaches to bring about the successful integration of sustainability issues into higher education systems. Raising students’ awareness of sustainability by bringing a balanced perspective that gives equal consideration to social and economic, as well as environmental aspects, of sustainability has led to the realisation that a concerted holistic
In a highly relevant Australian study, EfS, in the context of capabilities, was surveyed by Thomas, Barth and Day (2013). Delving into the role of capabilities that employers want and how capabilities are associated with EfS, the authors mapped the graduate capabilities associated with sustainability. The study shows that a significant proportion of employers consider knowledge about sustainability to be highly important.

A fundamental question that university EfS designers need to grapple with is whether to inject sustainability by following the traditional ‘key skills’ approach of embedding it into the curriculum and developing standalone courses or to taking a ‘protean careerist’ approach, as Bridgstock (2011) found to be effective. Although her study was in the context of graduates in creative industries, lessons can be drawn by EfS curriculum designers. At the very least, sustainability should be a part of the career identity-building process. von der Heidt and Lamberton (2011), in an Australian study of sustainability in business curriculum, compared weak and strong sustainability in EfS and have asserted that one of the essential design decisions of EfS is to adopt either a minimal, weak form in an eco-modernist framework or a stronger, paradigm-shift form in a dominant social paradigm framework. How sustainability is incorporated into the curriculum and the assessments by a regional Australian university is insightful.

Research on EfS in the Australian context includes a University of Western Sydney report (Scott et al. 2012, p.19) which found that ‘the EfS leadership capabilities that count have much in common with the attributes of change capable and resilient organisations and societies. And, interestingly, that many of them also align with the underpinning values of the world’s major religions.’ The report produced ten interlaced areas of recommendation for HEIs interested in pursuing EfS in a more systematic way. A case study of EfS in a regional university (von der Heidt & Lamberton 2011) resulted in a review of research and strategies in Australian business education that aims to foster graduate capabilities in sustainability concepts and practices. A research project on how to develop and grade graduate capabilities, with
sustainability identified as a core graduate skill through the help of a case study, is presented by Mather et al. (2011). A review of the extent to which sustainability capabilities are representative of the capabilities generally sought by employers was undertaken with a web-based survey by Thomas and Day (2014). The review also sought to determine whether the capabilities desired by employers are incorporated into the graduate capability statements of Australian universities. Sidiropoulos (2014) has outlined a pedagogical philosophy and praxis for teaching sustainability in business programs using the basis of a values lens so that sustainability is positioned according to the receptivity of the audience. Findings of a pilot EfS program for international students was conducted and then published by Sidiropoulos et al. (2013).

The requisites for sustainability leadership are provided as ‘Fast 10’ sustainability leadership tips (Langert 2015). Five sustainability leadership competencies—systems thinking, external collaboration, social innovation, sustainability literacy, and active values—are described, and a business case for a sustainability talent imperative is made (Strandberg 2015).

There are also several islands of excellence emerging in which pursuit for effective sustainability education is taking place. The Sustainable Economy Project is quietly building the infrastructure to accelerate the tipping point in the transition towards a sustainable economy, and a key part of this picture is a growing network of progressive business schools and universities from around the world (Townsend 2015). von der Heidt and Lamberton (2011) have drawn remarkable insights from the sustainability subjects offered at Southern Cross University. It is hoped that ongoing work on EfS, including this work, will lead to more progress as today’s isolated islands of excellence in sustainability education transform into continents.

As a result of the above review, the research question is:

What are the expectations that Australian businesses practising sustainability have of university graduates?

The following subquestions will be investigated:

1. What is the meaning of sustainability from a business executive’s perspective?
2. What is the understanding of the scope of sustainability from the point of view of the business executive? Explore the scope from the economic (growth, resources) and social (equity) dimensions and not just environmental dimensions.
3. To what extent do companies and employers value sustainability in their business?
4. How satisfied are they with their business performance and actual actions in relation to sustainability?
5. Do employers currently value ‘sustainability-savvy’ business graduates? If yes, which particular aspects of sustainability are valued? In other words, what are the most important specific knowledge, skills, attitudes and capabilities that they desire in business graduates?
6. Is there a gap between businesses’ expectations and graduates’ attributes?
7. Is there a role for HEIs to play in helping businesses to meet their sustainability challenge? If yes, in what ways can HEIs contribute and what approaches will be most effective?
Chapter 3: Methodology

A qualitative, exploratory study was conducted to generate insights on the expectations that businesses have of the graduates from Australian HEIs in sustainability. A case study method was employed as it is deemed to be an ideal method to acquire a close and in-depth understanding of a small number of cases set in their real-world contexts (Yin 2012). In this study, the objective was to learn about real-world priorities, decisions and actions, and investigating the underlying meanings and motivations of the actors corresponds well with case study design. Furthermore, using case studies is a good strategy for examining a ‘contemporary phenomenon in its real-world context especially when the boundaries between the phenomenon and context are not clearly evident’ (Yin 1981, p.59). A case study is considered an appropriate method for development of theory (Eisenhardt 1989). In terms of data collection and analysis, an iterative approach was used, with interviews and content collected iteratively building on data and analysis in multiple waves in order to deepen understanding of issues involved. This iterative approach to generating insights from case study research is a process described by Eisenhardt (1989). It is a combination of Yin’s (2012) case study research design and the discovery of grounded theory (Glaser & Strauss 1967). Multiple cases allowed for replication logic, with each case testing the theoretical insights derived from the last to modify and refine the insights generated. This process allowed resultant insights to be grounded in data (Glaser & Strauss 1967).

In-depth interviews were conducted with 15 executives in seven Sydney-based organisations that have a significant sustainability function. The population of organisations consisted of not just business enterprises (multinational and local) but also government departments, councils, universities and any other organisation that had a significant sustainability function in terms of documented sustainability-related goals and projects, operations or initiatives. Purposive sampling was used when an organisation lacked significant interest in participating. All but one company (L’Occitane) had dedicated local sustainability-related roles; also, all except one, Macquarie University (MQU), were private enterprises. Appendix B provides a summary profile of the participants. Interviews with at least two executives in each organisation were either conducted or attempted to gather information and combine insights from multiple perspectives. Interviews were sought with a sustainability manager and a human resources manager, especially a graduate recruitment manager.

A semi-structured questionnaire (Appendix C) was used to conduct interviews that were targeted to last 40–45 minutes. An information and consent form were provided to the interviewee, who was given an opportunity to read information about privacy, confidentiality and to then sign the form granting permission to record the interview. In addition, they were verbally asked for permission to be recorded before starting the interview. Data gathered from additional interviews were used to write four case studies for instructional purposes as a separate output but were also used as a secondary source. The interviews were recorded, transcribed and analysed using NVivo. In addition to the interview data, content analysis of documents, such as the sustainability sections of the organisation’s website, existing case studies, media articles and sustainability sections in company annual reports, was conducted to clarify the context and to triangulate the data. The investigators used a list of seven open-ended questions to guide their inquiry, writing thick descriptions as answers to each of those questions using information gathered from interviews and documents.
The within-case analysis was conducted by writing notes on each case and answering the identified questions based on an initial review of the literature and the initial data analysis. These notes were written by integrating and triangulating facts from the interviews and content from media and documents. The cross-case analysis led to the final set of insights, as the researchers compared patterns across cases.

In the next section, findings from the analysis of the data generated from the interviews (mainly) and documents are presented.
Chapter 4: Findings

The specific question of this study is to understand the sustainability-related capabilities expected of business graduates by organisations. To put those expectations into context, it is essential to delve into the practice of sustainability in Australian organisations—how it has evolved over the past three to five years, the meaning attached to sustainability by practitioners and their colleagues, the role of sustainability in the organisation, how the goals and targets are set, which drivers have led to its increasing importance, the challenges faced by Australian organisations, and their satisfaction with the outcomes achieved until now.

Part I: The context: Sustainability practice in Australian businesses

Organisation: There were between two and five full-time professionals working in a sustainability function (mostly referred to as a department) in the study sample, with the exception of L’Occitane which assigns part-time responsibility to its general manager and PR manager in Australia. In some cases, such as Fuji Xerox Australia and Fujitsu, sustainability departments had been downsized in terms of full-time staff but without a corresponding loss of importance, which may be due to recent changes in Australian carbon pricing legislation. Communication and public relations are a commonly found background in sustainability managers. In some cases, sustainability and overall communications is a joint role. New university graduates do not often join sustainability teams directly. Sustainability teams typically recruit existing employees with a passion for the area. Increasingly, sustainability managers not only report directly to the CEO but are becoming a part of the leadership team. Today’s sustainability teams have evolved from CSR. Where once they were part of marketing departments, now sustainability teams are independent, often with a seat in the leadership team. Additionally, functions related to the environment, supply chain and community-related activities have been consolidated under the sustainability team, but diversity, inclusion and equal opportunity aspects remain in the domain of human resources. In large multinational corporations, there are local sustainability teams that operate under the group charters, such as Unilever’s Sustainable Living Plan, but run a country-specific operation with broad cooperation between regional and group headquarters.

Meaning and scope: Recent changes in meaning and scope of sustainability have been among the key highlights of this study. Respondents describe sustainability not simply in terms of communications, charity or CSR but from a business perspective. The goals articulated by sustainability managers represent the internal, deeply operational focus of sustainability as a function, as opposed to the external focus of its CSR, especially in companies that have dedicated sustainability teams. An example of such a goal is ‘... being able to deliver on the revenue and profit we need to be sustainable’ (Marie O’Hare, Fuji Xerox). For Andrew Buay (Singtel Optus), sustainability is about sustained long-term growth for the business, while shaping positive impact for critical stakeholders that in turn influences the business’ performance. For Stuart Elder (Scentre), ‘Sustainability is about having a sustainable business. It’s a broad charge. It’s absolutely about how we do our entire business.’ For Naila Mir (Unilever), sustainability is about a ‘purpose-driven organisation’ which, in their case, is to make sustainable living commonplace. Sustainability is often described as a ‘pillar’ and part of company’s DNA. It was also called a ‘value system’ because it has moral and ethical dimensions. Benjamine Duncan (Scentre) highlighted her organisation-specific meaning of
sustainability: ‘Each organisation has a different impact that needs to be understood and, therefore, each organisation can develop a strategy around sustainability that is specific to its own operations, activities, and the impacts.’

Participants often used the word ‘broad’ to highlight their organisation’s change of focus from the environment to a grander remit that consists of community, supply chain, operations, marketing, sales and other core organisational activities. Many participants highlighted its role across the value chain. Robbie Brown (Fuji Xerox) described sustainability as synonymous with ‘good corporate management’. As Naila Mir (Unilever) said, ‘You won’t see sustainability as a separate KPI because it’s part of the business ... it is part of everything you do.’ In addition to a broad scope, she also highlighted the importance of balance, adding, ‘Very much looking for the right balance between a focus on economics, social and environmental performance.’ Her statement highlights the holistic, strategic and operational role that sustainability plays.

The connection with the company’s business model was made explicit by Naila Mir (Unilever), ‘What we talk about is sustainable living being part of our business model, where we grow our company while reducing environmental impact and increasing social impact.’ One participant did not see sustainability as a risk management function, rather as an ‘opportunity’. In the social arena, he used Prahalad’s (2009) concept of business opportunity at the ‘bottom of the pyramid’ to highlight that poor sections of the community can be more than the targets of charity; they may also be profitable audiences for innovative products and services. In some cases, sustainability has emerged as a feature that differentiates products and services. For example, Unilever’s brand Lifebuoy has programs to promote handwashing to reduce disease and deaths among children in developing countries. Dove has programs to promote self-esteem among young females. Both have benefited from faster growth due to an enhanced brand purpose received from sustainability initiatives.

Professor John Simons (MQU) listed three aspects in the scope of their sustainability: (1) ‘... minimising our adverse impact on the environment and natural resources’, a CSR perspective; (2) ‘elimination of waste and unjustified cost’, the business perspective; and (3) ‘try[ing] to model good, responsible behaviour’, the values or moral aspect. Participants divide up the scope of their sustainability function into: caring for the environment and natural resources; engaging and caring for society and communities; managing the markets, customers and supply chain; and employees.

The role of sustainability as a function has evolved from reporting and compliance, in the recent past, to one that now contributes to business and operational strategies, inputs into operations across the value chain and trains and educates to spread awareness or distribute sustainability practices throughout the organisation. As Emma Peacock (Unilever) said, ‘My function’s role is to help embed it and help people to see the connection in our sustainability plan and our strategy and how they all can make a difference.’ In organisations that are operating in industries that are going through a transformation, sustainability is expected to contribute to managing the transition to a new business model. An example is Fuji Xerox, which is in the process of transitioning from products like multifunction devices and graphic communications hardware to a software and solution-focused future in which hardware and software are integrated to provide customer value.

HR managers see their role in the context of sustainability as bringing the purpose, vision and values to life through human resources. Naila Mir (Unilever) likened the project of embedding
sustainability in employees as akin to embedding it in brands and the business. Just like brands, sustainability needs to be a part of the entire ‘employee journey’, stating:

from attraction all the way down to onboarding, induction, learning and capability, performance. You will see purpose and sustainability driven through all of that. When they step into the company, what's in their on-boarding? When they meet their line managers, how are they briefed about how they contribute to the sustainable growth of the business? You look at that through the whole value chain.

Although no HR manager had specific key performance indicators (KPIs) related to sustainability, they demonstrated a commitment to the sustainability agenda. There is a consensus among colleagues about the meaning, scope and role of sustainability. In organisations that are undergoing rapid industry change transforming their business model, HR managers have the job of changing the mindset from being reactive to proactive. As Marie O’Hare (Fuji Xerox) said, ‘How do we deliver an engaged workforce that enables us to be a sustainable organisation?’

In other words, the meaning and role of sustainability has changed in the past three years from an external, communication-oriented role, located on the fringes of the value chain to one that is part of the business model and business strategy and contributes to operations and marketing across the supply chain, manufacturing, marketing and sales. Sustainability functions now have a seat at the leadership table.

Drivers: One of the key drivers of the above evolution of sustainability practice is stakeholder expectations, especially those of partners, customers and employees. Cost reduction as a result of sustainable practice leads to a direct impact on the bottom line. After all, reducing energy use, increasing efficiency, reducing packaging and other such initiatives contribute to making the business more commercially viable and profitable. Staff engagement is also a key driver. As Andrew Buay (Singtel Optus) said, ‘It’s important to understand what drives our people; what motivates them; makes them excited and want to come to work; what helps them to feel self-actualised within the company; or is a consideration for choosing and staying with a company—CSR and sustainability has become the number one driver of staff engagement at the Singtel Group.’ Passionate leadership, especially a CEO or founder who is ardent about sustainability, is a major driver for superior sustainability practices. Greater awareness of sustainability-related issues may have resulted from higher global incidents of natural disasters, supply chain issues like the Bangladesh factory collapse or a range of other issues.

Challenges: In a rapidly changing environment, especially due to technology, disruptions like frequent changes in senior leadership often act as a setback to sustainability commitments and priorities. Some sustainability activities may not have tangible business or financial benefits in the short term but may turn a corner as costs rapidly reduce. Making a case for long-term value can be difficult, especially since the focus on sustainability is still quite new and methods to evaluate concepts and initiatives like natural capital are not yet in place in organisational systems. Other issues include lack of a common language that can be used across all departments and levels of the organisation and the ability to cascade the vision and purpose to all levels of the organisation. While a focus on sustainability is known to increase
the value of a brand, in some cases, explicitly promoting a sustainability agenda may lead to
cynicism and be perceived as greenwashing.

The evolution has led to new requirements for sustainability professionals. They are required
to focus on the projects and initiatives that are the most important, not employ a scattergun
approach that considers many opportunities. In other words, they are required to focus on
the top priorities. They are often required to make decisions with very long-term horizons.
They play a major role in the level of awareness of sustainability among employees and senior
management; sustainability managers are required to manage and maintain this awareness.
It is also essential to choose projects with due consideration of their benefits. For example, a
case may be made that Fair Trade makes the middle classes in developed countries feel
comfortable, but Fair Trade may also damage commodity markets because it can encourage
overproduction by producers outside the Fair Trade network causing a general collapse in
prices.

**Targets, outcomes and satisfaction:** In none of the organisations was the performance of
leaders assessed in terms of their sustainability performance. Typically, sustainability
organisations set ambitious targets, but they do not see them as end goals, rather as
milestones in a much longer journey. In the case of Unilever, the sustainability manager
estimates that, to date, they have already achieved sixty per cent of their year-2020 goals and
are on track to achieve eighty per cent of those goals. The emphasis is not as much on the
goals themselves, but how they are the first in the industry to achieve significant goals in
many cases. As Naila Mir (Unilever) said, ‘We’re very clear that we've put these really big,
audacious goals. We may not meet some of them, but that's the whole point. When you work
as a business, and you evolve, you start sharpening some of those. There’s always going to be
a room to improve.’

The impact of sustainability initiatives is not just on the organisation’s bottom line but also on
employee satisfaction and community perception. These outcomes need to be
communicated in sustainability managers’ engagements with leadership and employees and
overall satisfaction with the results is moderated by the belief that changing behaviours and
patterns of consumption takes time. Professor John Simons (MQU) said, ‘I think it’s changing
at a pace which is manageable, and which is probably appropriate for an organisation of our
size and shape.’

**Part II: Expectations of capabilities**

The participants were asked questions about their expectations for sustainability-related
capabilities in their employees, from university graduates and particularly, business
graduates. Participants mostly associated general attributes that are perceived to be effective
for success in sustainability.

**General attributes of employees:** Commonly mentioned attributes were the ability to
operate in a dynamic and less-defined environment with more broadly defined roles and to
be able to lead their peers through change. Participants also mentioned an openness to
learning, resilience, perseverance, agility, adaptability, and out-of-the-box or lateral thinking.
The ability to think broadly and abstract reasoning, in terms of their ability to interpret the
content of their roles more broadly, were also highlighted. An ability to think on one’s feet,
people orientation, the ability to handle pressure and to be proactive, especially in a dynamic environment were also expected, along with energy, enthusiasm and get-up-and-go self-starters who get things done, or as Simone Awramenko (Fujitsu) put it, ‘they see projects through to the end.’ Furthermore, she said, ‘One of the biggest determiners of success is grit rather than intelligence.’ Values are held very high in recruiting. Andrew Buay (Singtel Optus) highlighted the importance of integrity in business decision-making. The participants were unanimous in their preference for attitudinal attributes as opposed to specific or technical knowledge and skills. Comfort with uncertainty was one such attribute. Professor John Simons (MQU) said, ‘...the mark of an educated person is that they’re absolutely comfortable with uncertainty about things. They actually value it.’

**Entry level (graduates):** Good communication skills, project management, project coordination, administrative skills and analytical skills in terms of the ability to interpret data to draw out useful general insights, a digital IQ, leadership potential and, most importantly, the 'business savvy' to build a business case for projects and initiatives are desirable attributes. Graduates need to have a strong commercial acumen to understand how a business makes money, how it operates, have conversations with leaders and peers and make decisions at a commercial level. The candidate should be aware of the occasions when individual versus collaborative work is most appropriate. Academic qualifications, and even a high score in academics, is only a license for an interview. Marie O’Hare (Fuji Xerox) states:

> When we’re looking at the resumes, [we are] looking for demonstrated experience of where they have led or needed to be self-motivated outside of their [core academics]. Examples, either through their degree or outside, of transferrable skills that meet what we need in the organisation, such as where they have virtually led a team, led change, had the ability to navigate ambiguity within the context of their experiences, etc.

Currently, organisations do not expect new recruits to have specific skills at the time of recruitment but are starting to consider including some specific criteria. For example, a participant considered potentially asking whether candidates have received an award—such as a Duke of Edinburgh award, which now has sustainability components—as part of their application. A sustainability-specific skill that is typically required when employees join a sustainability team is a general understanding of global reporting frameworks, such as the Global Reporting Initiative (GRI) and the Dow Jones Sustainability Index (DJSI), and their local equivalents, such as National Greenhouse and Energy Reporting (NGER). The very important skill of building a business case requires understanding and putting into practice assessments of natural capital and other valuation frameworks such as social returns on investment. There is also a need for implementation skills in change management, program development and the analysis of sustainability in a practical way. As an HR manager for Fujitsu, Dina Louka’s expectation of an employee in a non-sustainable role is a general understanding of what the concept sustainability means, the presence of its mindset, an understanding of relevant technology and an understanding of what contribution they can make in advancing the organisation’s sustainability agenda as a corporate citizen. A holistic attitude towards others, as opposed to being individualistic, and having big picture systems-type thinking—a mindset of ‘holism’—are needed in a business role but are essential for thriving in sustainability. Related to this mindset, but more specific, is an understanding of inter-dependencies among functions and objectives. Emma Peacock (Unilever) attests to a demonstrated personal
passion and interest in the topic when she is recruiting her sustainability team members. In recruitment interviews, she tries to gauge this interest by asking questions about their own prior experiences and their knowledge of Unilever Sustainable Living Plan to determine their attitude and interest. She looks for volunteer experience and asks for examples of activities the candidate has undertaken to reduce their own impact on the environment.

**Business leadership:** Participants delved into the attributes of business leadership. A long-term leader is expected to be domain-agnostic in their long-term career, such that they can be a leader in a different industry—also known as multi-disciplinary leadership. Furthermore, leadership in sustainability requires accountability, responsibility, the ability to hold others accountable and out-of-the-box thinking. But the most important attributes are the ability to understand decision-making and the ability to build talented teams. Graduates should be able to apply knowledge and experience gained across industries and disciplines. Andrew Buay (Singtel Optus) looks for strong leaders with a capacity for hard work, discipline and involvement in projects and social work or quasi-leadership roles in the social and sustainability sectors. Adaptability was repeated by many participants. With the increasing digitisation of work, the attributes of a good leader may include being able to lead, inspire or manage virtual teams using technology. While sustainability skills are not tested at the leadership levels, Professor John Simons (MQU) says:

> At the very highest executive level, we wouldn’t actually put in a skill criterion or something like that, but insofar as we would expect anyone who joined us to be prepared to live the values in the charter, then we would expect them to take seriously the responsibility for leading, and modelling sustainable behaviours and policies.

Only one participant talked about desirable personal sustainability attitudes and habits at an individual level. Professor John Simons (MQU) gave an example of how sustainable behaviour, such as turning off computers at the end of the workday, is often lacking in many professionals. Currently, business leaders are not interviewed on specific sustainability criteria; but in some cases, they are trained in sustainability. For example, after initial training, the Unilever 2020 program is being cascaded to the next generation of leaders with the theme of ‘from purpose to impact’. Part of this is a link between the leadership purpose and the ability to execute the Unilever Sustainable Living Plan.

**Gap/dissatisfaction between expectations and the actual situation:** Practical business skills and experience with business communications, such as making and presenting a report, were listed as shortcomings of today’s HEI output. Participants lamented the lack of skills in applying theory to solve business problems. Their dissatisfaction with the lack of practical skills relates to a lack of commercial acumen, or business ‘savvy’. Dina Louka (Fujitsu) gave an example of a situation she herself felt unprepared for right after the university, ‘No one told me I could be sitting in a meeting and have someone cry because we’ve just told them that their performance is not up to scratch. You have no idea until you get in there.’ As Andrew Buay (Singtel Optus) highlights, ‘To be successful one also has to have other leadership, attitudinal, strategic and soft skills which are very important. It’s very hard to teach those skills academically.’

Commenting on courses that are oriented toward producing sustainability specialists, participants bemoan that teaching is conceptual rather than practical. The value of a
sustainability degree does not reside in its content, but rather as a demonstration of the interest and commitment to the space. Simone Awramenko (Fujitsu) comments, ‘You don’t expect students to come in here with all the skills and knowledge. We expect them to come in with a way to find those answers and those skills to get you going ... knowing how to work with people rather than knowing how to be an energy efficiency assessor.’

There is a need for sustainable leaders to look at each problem through the lens of sustainability, but appropriate frameworks are often lacking. Andrew Buay (Singtel Optus) asked, ‘In building the case for a community project, how do you run a commercial evaluation for social benefits? How do you measure value and impact to a community?’ Here, he highlights a disconnect between the generations. As Simone Awramenko (Fujitsu) expresses the issue, ‘There’s a whole disconnect in what young people expect of corporations.’

Solutions and suggestions: Almost in a single voice, all participants suggest that sustainability needs to be part of each business course, rather than just the courses that produce sustainability specialists. Robbie Brown (Fuji Xerox) suggests, ‘Sustainability courses should not just be for people who go into the company and work in sustainability-labelled roles, but rather every graduate.’ She adds an example:

You’ve got somebody studying economics. Their vision is ... to be a chief financial officer. Imagine incorporating studies around natural capital, applying natural capital to business cases or social return on investment. Understanding those sorts of concepts, you hope when they go into their role, they will have a broader and more progressive view of assessing impacts and value creation.

Sustainability should be embedded in each subject and be taught with the help of practical business case studies, examples and project work, instead of being taught in specialised units. Theories are acceptable, but the emphasis should be on their application. The target should be the development of mindset and attitudes.

Several other suggestions were made. Internships and work experience were the strongest suggestions. If programs like this were included, they could generate a lot of value for graduates and could become the most important feature of university degrees. Degrees with overwhelming sustainability content are not preferred. Double degrees that combined technical skills in sustainability with business skills such as marketing, accounting, finance, HR are in demand. The participants suggested that universities have an opportunity to differentiate their business courses by focusing on topics such as purpose-driven leadership and a strong sustainability strategy.

Communication: The participants complained that candidates often simply list their job description as opposed to their achievements. One strategy to gain the attention of recruiters in sustainability is to discuss a project that a candidate may have been involved in with a focus on its tangible benefits to society, the community or other stakeholders involved and the impact that was achieved. Andrew Buay (Singtel Optus) tests leadership candidates by giving them a problem in a new and unfamiliar industry that must be solved with knowledge and experience gained elsewhere.
Chapter 5: Discussion

The findings of this study confirm the business sector’s awareness that sustainability is key to their long-term prosperity. As a result, sustainability has evolved over the past few years from the CSR of giving back to the community and the environmental need to comply with reporting requirements into a core component of businesses’ long-term growth strategies and a major pillar of their business models.

In many companies, the communications-oriented role of CSR is now secondary to the vital role sustainability plays in the survival of a company. Sustainability is acknowledged as a critical part of a company’s long-term future and an ideology that needs to be embedded within the business for it to be effective. Although there is a legislative vacuum, due to the repeal of a carbon pricing mechanism, organisations are firm in the belief that there will eventually be significant legislation and regulation in the future. The findings from this study confirm the view in recent literature that industry is indeed placing a high value on sustainability, and this includes Australia.

As a function within an organisation, sustainability’s role has changed over the past three to five years. It is now a much more integral part of business and strategy. This change has emerged from its earlier role as a communications subsidiary of the marketing department or human resources. Historically, managing sustainability often meant managing ad-hoc initiatives. Today, sustainability management has grown into independent departments with engagements and interdependencies across all the other functions in the organisation. It now has a place in leadership and sustainability strategies fundamentally contribute to the organisation’s business models and goals.

The drivers of sustainability agendas have been varied, but stakeholders’ expectations and long-term business value have brought sustainability issues to the fore. The findings of this study confirm views in the literature that sustainability activities are material to the financial success of a company. The findings also confirm that sustainability strategies are now better integrated with business strategies; however, dynamic and ongoing industry changes can lead to frequent changes in leadership, and this acts as a distraction even though sustainability is more vital in exactly these situations.

This study also identifies some of the methods that companies are deploying to respond to the sustainability agenda. Organisations define their focus and commitment to sustainability by articulating a purpose, vision and values. A representative example is the Unilever Sustainable Living Plan, which defines an overall purpose to make sustainable living commonplace. The plan lays out goals to reach by 2020 and acts as a guiding star for activities across the global organisation. It includes inputs in training, recruitment, KPIs, onboarding and many other business functions; however, it is also clear that the industry has no systematic supply of leadership capabilities and management savvy, even at entry-level. People with a passion for sustainability are recruited internally and trained through in-house programs. This study shows that, even though a sustainability strategy is deemed important and has a place in the board’s agenda, business graduates are not sufficiently skilled in incorporating these strategies into their business because universities seem to be focused on graduating sustainability specialists.
The capabilities that participants expect from graduates that were revealed in this study bear a close resemblance to the study by Thomas et al. (2013). Leaders and managers need to innovate, lead and manage change, be agile, learn quickly, operate in an uncertain environment, among others. These qualities are typical of new and disruptive organisations, not organisations that are conducting business-as-usual. The expectation is for all graduates to have practical sustainability capabilities, not merely those graduates who have studied to be sustainability professionals. Furthermore, the findings in this study are in line with Grant’s (2009) contention that the link between sustainability and employability is neither clearly specified nor justified. Employers are demanding general attributes as opposed to sustainability-specific knowledge and skills.

A clear and specific demand exists in developing the mindset of sustainability, not particular knowledge and skills. Robbie Brown’s (Fuji Xerox) demand in the form of a question represents this view, ‘How do we integrate subject matter on sustainability more broadly into your other courses so that, ultimately, all students are coming out with some sort of knowledge and understanding of the concept of sustainability so they can integrate relevant considerations into their roles when they go into the workforce?’ A question posed by Danielle Van Den Broek (Unilever) takes this discussion further and provides the type of capabilities expected:

The question is how is the university helping the students develop those employability skills so that when we talk to them it’s not an academic conversation, but they’ve got those opportunities to build the skill that demonstrates they have those behaviours and experiences behind them.

At the very least, the Australian executives in this sample want graduates to have the mindset of sustainability at the core of the business model, as opposed to a limited understanding of its scope in CSR and environmental issues. As Danielle Van Den Broek (Unilever) said, ‘I think if we can help students to understand it’s not only about charity, it’s about more than that.’

There is an urgent need to fulfil the above expectations. The participants express dissatisfaction with the capabilities of HEI graduates in terms of their skills in applying theory, a lack of business acumen or ‘savvy’ and a lack of practical experience. Graduates of specialised sustainability courses lack practical and business experience. Business school graduates have no experience in applying sustainability to the business disciplines they are trained in. The industry is therefore left to find their sustainability managers from within their ranks via internal recruitment and to design training programs like Unilever’s ‘2020 for Leaders’ at all levels.
Chapter 6: Project impact

The project team believes that the aims of this study have been achieved in the following ways.

The first aim was to improve employability outcomes for Australian graduates by investigating what sustainability skills, knowledge and attitudes Australian businesses expect from graduates. The Business Expectations Report presents the findings of interviews with 15 executives in seven organisations operating in Australia. The findings document their expectations from university graduates and especially from business graduates.

To address the lack of relevant Australian business case studies for teaching, the second aim was to develop learning packages on sustainability for employability through student and industry collaboration. Four case studies have been developed with a unique methodology of partnering a student with a project team member.

In response to the third aim of aligning business education with business expectations by facilitating teaching of sustainability for employability, an assessment rubric has been proposed.

The fourth aim of improving ways of communicating student sustainability skills to employers has been fulfilled with the development of communication guides for teachers and for university/faculty marketing offices. These guides have been built mainly based on empirical findings of this research project.

The project team members, as early career researchers have gained valuable experience. As the findings are widely disseminated in future, they may gain reputation in the field of sustainability for employability researchers. The students involved in the project as student researchers and co-creators have developed valuable practical experience. The teaching members of business faculties and business schools are made available with four case studies written in the Australian business context, a rubric that makes available an indication of capabilities desired by Australian business, and a communication guide that can be used to help students communicate effectively in gaining graduate employment. To improve the practical utility of the output of this project, project materials will be disseminated to unit convenors and marketing and careers offices in the universities as convenient PDFs.

The progress of the project was measured, tracked and evaluated with the help of periodic meetings and at different milestones of the project. To ensure that all project members, including the student researchers, interacted with each other regularly, a project site on Slack communication tool was created. A project site was also created on Trello project management tool.
Chapter 7: Conclusion

The study is an important milestone in providing new insights into the capabilities expected of HEI business graduates and how these expectations relate to or differ from sustainability-specialised graduates. The study also uncovered vital insights into which sustainability capabilities are important in business leaders, and how are these acquired and developed by the organisations that practice sustainability.

This study revealed a marked preference for employees to be advocates and champions of sustainability with a holistic understanding of sustainability across the organisation’s entire value chain. This raises the question: Should the focus of future investment be in raising the sustainability literacy of all business graduates? This study certainly makes a clear recommendation in the affirmative to that question. The next question that arises is: If this recommendation is implemented, how would it affect the value of specialised sustainability graduates in the long term? Furthermore, is there already a mismatch between industry demand for specialised sustainability graduates and the number being output by HEIs? There may be a need to review the estimates of demand and supply in specialised sustainability degree-qualified graduates. Further examination should provide insights into the experience and educational backgrounds of about 2700 sustainability professionals in Australia (LinkedIn advanced search of sustainability professionals in 2016). This type of quantitative study must have a broad scope that includes for-profit business and industry, the not-for-profit sector and governments at all levels.

In this report, Appendix D contains four case study readings and a discussion guide to fulfil the expectations of providing practical case work and examples. Furthermore, Appendix E contains a guide for academic staff, and Appendix F contains a guide for HEI marketing and careers officers, to apply the findings on employer expectations from this study to assist their students in maximising their potential for employment. The aim of this report is not only to discuss sustainability capabilities and their role in employability but also to be part of a solution that can help enhance graduate employability.
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Appendix A

Certification

I certify that all parts of the final report for this OLT grant provide an accurate representation of the implementation, impact and findings of the project and that the report is of publishable quality.

Professor Sherman Young

Pro Vice-Chancellor, Learning and Teaching

Macquarie University, Sydney

3 July 2017
## Appendix B

### List of participants in the business expectations report

<table>
<thead>
<tr>
<th>Organisation</th>
<th>Industry / business category and description</th>
<th>Participant</th>
<th>Role</th>
</tr>
</thead>
<tbody>
<tr>
<td>Fuji Xerox</td>
<td>Business and document management solutions</td>
<td>Marie O’Hare</td>
<td>Head of human resources business partnering (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Fuji Xerox</td>
<td>Business and document management solutions</td>
<td>Robbie Brown</td>
<td>Sustainability manager (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Fujitsu</td>
<td>Professional services in IT consulting</td>
<td>Dina Louka</td>
<td>Talent and learning &amp; development specialist</td>
</tr>
<tr>
<td>Fujitsu</td>
<td>Professional services in IT consulting</td>
<td>Simone Awramenko</td>
<td>Sustainability manager (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>L’Occitane</td>
<td>Cosmetics</td>
<td>Caroline Le Roch</td>
<td>General manager (Australia) (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>L’Occitane</td>
<td>Cosmetics</td>
<td>Lesley Bowen</td>
<td>Public relations and communications manager (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Singtel Optus</td>
<td>Telecommunications</td>
<td>Andrew Buay</td>
<td>Vice President - Group sustainability and talent coach (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Macquarie University</td>
<td>Higher Education</td>
<td>Professor John Simons</td>
<td>Deputy Vice Chancellor (Academic) (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Scentre Group</td>
<td>Real Estate</td>
<td>Stuart Elder</td>
<td>General manager (Facilities and sustainability) (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Scentre</td>
<td>Real Estate</td>
<td>Benjamine Duncan</td>
<td>Energy and sustainability manager (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Unilever</td>
<td>Consumer packaged goods</td>
<td>Naila Mir</td>
<td>Global sustainable business and communications director (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Unilever</td>
<td>Consumer packaged goods</td>
<td>Asma Yusuf</td>
<td>Global project manager (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Unilever</td>
<td>Consumer packaged goods</td>
<td>Amanda Kirkby</td>
<td>Leadership and organisational development manager ANZ (<a href="#">Linkedin profile</a>)</td>
</tr>
<tr>
<td>Unilever</td>
<td>Consumer packaged goods</td>
<td>Danielle Van Den Broek</td>
<td>Vice President Human resources (<a href="#">Linkedin profile</a>)</td>
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<tr>
<td>Unilever</td>
<td>Consumer packaged goods</td>
<td>Emma Peacock</td>
<td>Head of sustainable business and communications ANZ (<a href="#">Linkedin profile</a>)</td>
</tr>
</tbody>
</table>
Appendix C

Questions for the semi-structured interview

(O) = Only if applicable

Part 1: Opening
1. What is your primary role in the organisation (e.g., job title, key responsibilities)?

Part 2: The roles and meaning of sustainability to the organisation
2. How does your organisation define sustainability?
3. What role does sustainability play in your business?
   - (O) Would you say that your organisation’s views on sustainability have changed over the past five years – if yes, how?
   - (O) What is the value of sustainability in your organisation?
   - How satisfied are you with the business' performance and actual actions in relation to sustainability?
4. What would you say are the major drivers for your organisation to engage in sustainability efforts?
5. What do you think are the major barriers for your organisation to engage in sustainability efforts?

Part 3: Business expectations of employees / future employees
6. What attributes – skills, attitude and knowledge do you seek in employees especially university graduates?
   - Which particular aspects of sustainability do you value most in your graduates?
   - Do you think these attributes are linked or integral in your achievement of your sustainability knowledge?
7. What additional expectations do you have from your current and future business leaders / business school graduates?
   - Any specific expectations relating to their decision-making, values, understanding of issues, supply chain, ethics, innovation, strategy building process, etc?
   - To what extent are these expectations met?
   - Is any training initiated to fill any gaps?
Part 4: Business expectations from higher education institutions

8. Thinking about the future and where business and society is heading, do you think expectations regarding knowledge, training and skills will change – particularly for university graduates entering the workforce?
   - If so, how?
   - Where does sustainability feature in these expectations?

9. From what you are seeing of university graduates, do you think your expectations for the future will be met?

10. What are the skills and/or knowledge that universities should be imparting on students that would assist organisations to achieve sustainability goals and objectives?

Part 5: Communicating student sustainability skills

11. How do you evaluate whether the sustainability knowledge, skills and attitudes are present in applicants for graduate roles?
Appendix D – Case studies

Introduction and overview notes for teachers

A few of the conclusions of this study are that Australian employer organisations expect their graduates to understand business models, propose business cases applying their commercial acumen, and be able to apply the theory they have learned. To help them be aware of practical cases and examples of sustainable practices and strategies in the local context, case study learning packs have been created on the theme of sustainability practice in Australian organisations. The case studies are each developed by students of MQU. Each student was assisted by a project team member as they worked with the company in gathering data and developing the case study. An analytical approach is taken in which the objective is for “…the case study to be examined in order to try and understand what has happened and why. It is not necessary to identify problems or to suggest solutions”¹.

The overall objective of all the case studies developed as part of this project is to familiarise a business student in Australia with the examples of sustainability practices, initiatives, priorities and challenges in the local context. The companies that were partnered with in the case study are leading in sustainability practice, and, therefore, a student is made familiar with the leaders’ mindset. The discussion after a reading of each case study would help the teacher to assist the student in reflecting on the meaning, scope and value of sustainability to the company; the options that the company had, not just in whether to prioritise sustainability but also the selection of the initiatives that the company had to choose from to achieve their objectives; how could the project be implemented – stakeholder consultations, speed of execution, tactics employed; what benefits (and costs) did the initiative provide to the company; what impact did the chosen initiative(s) had on the company in the long term. This is only a suggested discussion agenda that a teacher may employ to engage their students with sustainability as it is practised in the Australian businesses.

¹ Monash University library. 2017. “How to write the case study.”
CASE STUDY 1

How is Singtel Optus joining the dots in sustainability?
Student author: Zak Baillie

Introduction

Sustainability has emerged as a critical element of a successful business. Recent evidence has highlighted this fact by showing that businesses that embed sustainability into their policies and practices enjoy returns 4.8% higher than those who do not (Eccles et al., 2014). While the above-mentioned study was conducted in the US, similar trends are occurring in Australia with companies considering sustainability as not just an obligation under their CSR arm but as a critical means to long-term success. One such company is Optus. As Andrew Buay, the Vice President, Group Sustainability & Talent Coach, Singtel Optus points out, “sustainability creates shared value for the business, and it’s not just about philanthropy.”

Optus is an Australian telecommunication company in a highly competitive industry. It is the second largest company in an oligoplastic market, in which a few firms dominate the market. Their competitor, Telstra, is the most dominant in terms of infrastructure and market share. For example, as of 2015, Telstra held a market share of 45 per cent in the mobile handset services market and a market share of 64 per cent (ACCC, 2016) in wireless broadband services.

However, demand in the telecommunications industry is increasing rapidly. Between June 2014 and June 2015, the total volume of data downloaded on fixed line broadband and mobile devices increased by 40 per cent and 85 per cent, respectively (ACCC, 2016). These numbers are projected to increase as on-demand television services, such as Netflix and Stan, gain further popularity (ACCC, 2016). The increase in demand for services is likely to stoke more competition as firms seek to capture additional customers. Optus, for example, invested $1.5 billion into its mobile network in the 2015-2016 financial year, while Telstra, the largest, and Vodafone Hutchison Australia, the third largest telecommunications operator in Australia, have each made similar investments. Therefore, the telecommunications industry in Australia is both intensely competitive and projected to grow significantly.

While expanding its network is a means of expanding operations and capturing additional market share, the way Optus has embedded sustainability into each layer of its business is a crucial means of differentiating itself in the market and supporting sustainable growth. In 2015, Optus grew its market share in the postpaid mobile market by two per cent and increased its profit over three financial years from 2013 to 2015, as shown in Exhibit 1. Optus is growing significantly, and sustainability is a critical component of their success.

Owing to Optus’s broad definition of sustainability, the company has sought to embed the values of sustainability throughout its business. Sustainability informs decision-making, the culture of the business, their operations and their products and services (see Exhibit 2: Sustainability Governance Structure). Optus believes that by entrenching sustainability in the DNA of their business, it is priming itself for long-term success.
This case study is organised into four sections. First, a background into Optus is provided, followed by an outline of its four sustainability initiatives. A discussion of the major themes that act as common threads between the four sustainability initiatives is presented and, finally, some challenges facing Optus in the sustainability sphere ahead are raised.

Background

Optus employs the equivalent of 9000 full-time staff and operates 342 shop fronts. In total, they serve 10 million customers each day. They have been a wholly-owned subsidiary of Singtel since 2001. The Singtel group is based in Singapore but has operations in 25 countries serving a total of 600 million mobile customers. Owing to Optus’s status as Australia’s second largest telecommunications operation, its 4G network, delivered through 4,850 base stations, covers 94% of Australia’s population, while its 3G network covers 98.5% of the population. Exhibit 1 details the key financial information for the years 2013 to 2016.

Sustainability as a driver of long-term success

Four pillars

Optus has entrenched sustainability into four key areas of their business (see Figure 2). These four ‘pillars’ are how Optus defines sustainability: marketplace and customers, community, our people and the environment. Within each pillar are a number of focus areas. These are deemed material to Optus and their stakeholders and are where they believe they can make a positive impact (see Exhibit 3). These initiatives are a good means of understanding how Optus approaches sustainability, the fundamental components of their sustainability agenda and how sustainability is integral to Optus’s long-term success.
Pillar 1: Marketplace and customers

To achieve the status as Australia’s top service provider, Optus must offer high-quality customer service. This customer service element is delivered via information and communications technology. It is with this technology that Optus aims to improve how people live and work and which underpins this pillar. Table 3 summarises all the initiatives within this pillar. A key initiative is their sustainability supply chain management.

Initiative 1 – Sustainable Supply Chain Management

Optus is attempting to create a supply chain, which practices responsible business activity. That is, Optus seeks to engage suppliers who reflect its own ethical, social and environmental values. To do this, Optus conducted a lifecycle assessment (LCA) to identify where in its broader supply and value chains it has high exposure to environmental pressures, governance issues or social risks (see the following breakout box). An LCA identifies issues of material importance, and its findings can be integrated into a sustainable supply chain management strategy.
The scope of the initial LCA was global, encompassing Optus’s entire operation, to provide the best opportunity for identifying all the risks present in the whole value and supply chain. The LCA allowed Optus to identify ‘hotspots’ (i.e., areas of greater exposure) for future focus. Optus included both its large and small suppliers in the LCA. It was important for Optus to assess the risks in both its large and small suppliers, especially since some of its largest suppliers, for example, Apple and Samsung, are industry-best CSR practitioners.

The LCA was initiated in 2015 and concluded in 2016, and it identified several material issues in Optus’s supply and value chain. For example, worker health and safety in contact centres in India and the Philippines (centres that Optus outsources to) was found to be a material issue. Also, staff engagement and retention were issues for these contact centres as the market is very competitive and labour is highly mobile. Consequently, any factors affecting staff motivation could cause workers to seek employment elsewhere. Further, low staff motivation could impact the service they deliver to Optus customers and the training they provide to their own staff. These are critical issues for Optus. To address these labour-related issues, Optus organised for top management to meet with the supplier and the suppliers’ staff and communicate Optus’s vision and strategy. The intention was for the supplier’s staff – Optus’s indirect staff – to gain a sense of shared ownership in what Optus is trying to achieve. That is, so they feel and behave as if they are one of Optus’s staff members. A sense of shared ownership can change the way staff deals with customers and creates shared value, which in this case would benefit all three parties. Optus’s Net Promoter Score is amongst the top three telecommunication companies in Australia. The Net Promoter Score is indicative of overall customer satisfaction with a company’s products and their services. An important component of the Net Promoter Score is frontline customer service, and this improvement is partly attributed to addressing the issues highlighted above.

Optus also developed local community programs in the Philippines to undertake social work in their local community by working with their staff and contact centre partners. The positive feedback and success of these programs resulted in expanding the program’s scope and scale the following year. Optus is now exploring how to expand this model to its contact centre partners in India.

Having completed an initial LCA across their supply and value chains, Optus is now aiming to focus on the areas of interest which were identified by the study along with detailed reviews of their top fifty vendors. Through a review process, Optus will design a strategy to deal with the identified areas of higher risk and exposure. This is the primary purpose of the LCA. It shapes Optus’s materiality focus, and thus its results are used to inform many of Optus’s sustainability initiatives.
**Pillar 2: Community**

The community pillar focuses on using Optus’s infrastructure and capabilities to help connect disconnected communities. More specifically, there is a focus on reconnecting vulnerable or marginalised young people who can become removed from the broader community as a result of their socio-demography, cultural background, educational shortcomings or family circumstances.

There are four key initiatives under this pillar:

- education and employment – technology as a means of educating and helping young people find work;

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**Life cycle assessment**

A lifecycle assessment (LCA) is an assessment of the environmental impact of a product (Klöpffer, 2014). An LCA employs a ‘cradle-to-the-grave’ approach and this is what differentiates it from other environmental assessments (Klöpffer, 2014). Not to be confused with a product’s lifecycle, an LCA is the sum of all the environmental impacts of a product in all stages of the product’s life. That is, from the gathering of initial raw materials to how it is disposed of when the product is discarded.

Take, for example, a bottle of tomato sauce. An LCA would look at how the tomatoes are grown – even at the origin of the soil in which the tomatoes were planted – how they are harvested and transported to the factory and how the sauce is produced. Further, an LCA would also look at the packaging and labelling, how the bottles were transported to the store, the retail outlet where the sauce is sold and whether, once purchased, it is kept in the fridge or in the cupboard. Finally, when the sauce has been consumed, an LCA examines whether the packaging is recycled or whether it ends up in landfill.

Clearly, depending on the scope and resolution of the LCA, the process can be incredibly time-consuming and expensive; however, its systems approach is critical. An LCA does not view a product in isolation, it considers all the processes that have taken place to create the product. This is vital because there are a number of environmental impacts across the creation of a product and the net of these must be considered to properly understand the environmental impact of a product. The popularity of LCAs has caused international guidelines and standards to be enacted to standardise the LCA process (see ISO, 2006).

However, to make informed and sustainable decisions, information on environmental impact is not enough. Information regarding social impact is also important and, thus, a social lifecycle assessment (S-LCA) has been devised (UNEP, 2009). Optus also reviewed the social impacts of their supply and value chain, and this is just as important as the environmental impact. Bearing great similarity to the LCA, the S-LCA assesses social impacts over the lifecycle of a product. For example, returning to our example of tomato sauce, an S-LCA may look at the rights of the workers who grow the tomatoes or the wages those who transport them (UNEP, 2009).
• digital citizenship – informing young people on how to be safe and responsible online users;
• inclusion and wellbeing – increasing employment prospects for disadvantaged youth; and
• engaging our people – allowing Optus staff members to contribute to causes they believe in.

Teaching young people to be safe and capable digital users is a critical component and the focus of the Digital Thumbprint Program (DTP).

**Initiative 2 – The DTP**

The rapid increase in our use of technology has had many unintended negative consequences. Examples include social media addiction, bullying via social media and data privacy issues. Pitched at Generation Z, the DTP acknowledges the academic, networking and professional opportunities the internet can provide but also the social issues that can result from its use.

The DTP consists of three workshops for secondary school students, the age at which young people gain more autonomy and greater access to technology. As of June 2016, 3478 sessions had been conducted reaching a total of 108,776 students with the program gaining accreditation from the Australian Government in the process. In 2015, the program won the Security and Online Safety Award at the annual Australian and New Zealand Internet Awards. Survey data collected after the program shows that 97% of teachers believe the course has helped students improve their online competencies.

The program was devised in collaboration with experts from backgrounds in education, technology, data privacy, internet security and youth mental health. Students are encouraged to take what they have learned home to teach their parents, which recognises that participant’s parents may not have the required knowledge to inform their children about how to use the internet properly.

While Optus is not directly responsible for the unintended negative consequences of the uptake of technology; they do provide the data to user devices. As a result, Optus are in part responsible for disseminating information to users about proper conduct with regard to the use of the internet and technology. This initiative has similarities to the example given above about addressing worker conditions: Optus acknowledges that it is in their value chain. As Andrew Buay explains: “… if people start to abuse or misuse technology … the government could come in and clamp down on how people can use the internet. … and that can undermine customer freedom and privacy.” If customer’s privacy is undermined, it could also lead to customers having less trust in their service provider as they expand into new digital businesses like mobile advertising. Again, because it is in their value chain, Optus have a responsibility as a service provider to assure their customer’s data are safe and that their privacy is protected. Optus believe that if customers lose trust in them as a service provider, it could undermine their current and future business.
Pillar 3: Our people

‘Our People’ is about being an employer that people want to work for. Part of this is creating a workforce that is diverse, collaborative and inclusive, as well as ensuring that employees are able to reach their highest potential. This has obvious implications for Optus. As the market evolves, it becomes more competitive; as customer expectations change, Optus’s workforce must be equally adept and constantly evolving. As depicted in Table 5, initiatives within this pillar are directed at developing employee ideas, offering learning and development programs for their workforce and improving the wellbeing of employees.

Initiative 3 – Healthy Body at Work/Happy, Healthy Minds

An effective worker is one who is not only physically safe when they go to work, but also one who is mentally happy, has aspirations, is motivated and who has a sense of purpose. This initiative is about not only ensuring workers are healthy and physically fit but that they are also in good mental health. The Healthy Body program is an eight-week program aimed at improving workers sleeping habits, activities and stress levels. The Healthy Minds program is attempting to create an environment where staff feel they can talk openly about any mental health issues. They can disclose these issues with the company, but they can also keep them confidential. Team leaders have undertaken a Healthy Minds Psychological Capability Training program to be able to better identify and address mental health issues which may occur in their respective teams. Further, Optus launched the My Life Hub which is a support service for people and their families, with on-site counselling available at both the Sydney and Melbourne offices.

These programs have both had positive impacts. After the Healthy Body at Work program, staff productivity and satisfaction increased. Further, staff were more aware of stress, better at improving sleep habits and were sitting less and active more. Additionally, the demand for the onsite counselling service has increased by 30% over the past year.

Mental health is now regarded as the most important issue when it comes to worker wellbeing. This is partly because mental health issues can lead to physical health issues over time. Optus has identified two primary links between worker well-being and worker productivity. First, having a workforce that is driven, ambitious and enjoys their job is more productive. Second, when someone is struggling with mental health issues, they may lack focus. This could materialise, for instance, in an avoidable incident like a car accident. There are no regulations in place when it comes to worker mental health; however, the issue is perceived as material and is addressed by Optus.

Pillar 4: Environment

This pillar describes Optus’s attempts to minimise the environmental impact of its network. Optus’s network consumes a lot of energy, which in turn produces a lot of greenhouse gas emissions, given the bulk of energy supply in Australia is still from coal-based generation. Thus, tackling climate change has taken both mitigation and adaptation. Optus is upgrading its network to become more energy efficient and is lowering its emissions intensity. It is also designing infrastructure to cope with new and varied climatic pressures. ‘Futureproofing Our
Infrastructure’ is an initiative which aims to create a network that is more resilient to these new climatic pressures. Refer to Table 6 for a summary of all initiatives within this pillar.

**Initiative 4 – Futureproofing Our Infrastructure**

When planning new infrastructure, Optus is now taking the threats from climate change into account. That is, Optus now aims to build infrastructure according to both present standards and future climates to increase infrastructure resilience. However, new designs require an understanding of how the climate is likely to change on a regional scale, so Optus commissioned a study to understand the impact of climate change on their operations. The findings of this study are now being used to inform a plan on how to best lessen the impacts of a changing climate on their infrastructure.

Working with the Australian scientific body, the Commonwealth Scientific and Industrial Research Organisation (CSIRO), Optus sought to understand the specific vulnerabilities its network will face according to climate projections. Climate scientists from the CSIRO modelled likely climate changes on a regional scale, and Optus used these findings to understand what conditions its network would be exposed to in the future. One particular example is the changing pattern of storms. It is forecast that cyclones are now going to be moving further south and into NSW with greater frequency and intensity. The network in Queensland is designed to withstand cyclones, but not all parts of the NSW network were designed for stronger cyclonic events. With the results of this study, Optus consequently plans to upgrade the northern NSW network to the same standards as its Queensland network. Adaptation, in this case, is considered the most cost-effective approach. These findings are supported by the Australian Business Roundtable for Disaster Resilience and Safer Communities (hereafter referred to as ABR), of which Optus is a founding member.

While climate projections have supported Optus’s approach to building a resilient network, natural disasters have also emphasised the importance of a network that can withstand inclement weather. In 2011, Cyclone Yasi, an incredibly destructive tropical cyclone, struck the northern Queensland coast. During this storm, and in the aftermath, Optus realised the importance of their network to emergency services in coordinating assistance and so that family and friends can contact one another. Optus found that, even when electricity grids fail, it is important for their network to remain operational. On average, during the storm, emergency personnel took six days to reach the most heavily affected areas. Therefore, their network needed to operate on generators for six days. Previously, most Optus power generators could last up to three days without electricity from the grid. Optus is now progressively upgrading some parts of its network to extend the self-sufficiency of power generators during outages in the public energy grid.

To better prepare for such extreme weather, Optus founded the ABR along with other top private sector companies and the Red Cross. The guiding principle of the ABR is that today money is better spent improving the resilience of communities to help them deal with the extreme weather events of tomorrow and that such development will mitigate the costs of an extreme weather event. They provide research and recommendations to the government for developing long-term policies to inform future infrastructure standards. A recent report by the ABR finds that investing in the short term and designing and building infrastructure for
the long term leads to net positive gains (Deloitte Access Economics, 2013). These findings underpin the construction of a resilient network.

![Diagram](image)

**Figure 3 A schematic of the interaction between the Optus’s three fundamental components of sustainability**

Each dot point is an example of an initiative employing elements of the two components of which it is situated between in this diagram. These three components feature in all initiatives and this figure demonstrates that visually.
Joining the Dots

Whilst the above four initiatives appear to have little in common in terms of content; there are common themes running through each (see Figure 3). Each initiative is a product of Optus’s vision for sustainability and, in turn, all initiatives embody many core components of systems thinking. These components – collaboration, innovation and holistic thinking – are critical to the success of these sustainability initiatives and, thus, critical to Optus’s long-term success.

‘What gets measured gets managed’: GRI, CDP and UNSDG

The GRI sets out a reporting framework which companies use to communicate the economic, social and environmental impacts of their operations (see GRI, 2016). This kind of reporting, also referred to as sustainability reporting, recognises that a sustainable business is not only a business which is profitable but one that uses environmental and social capital responsibly (GRI, 2016).

The GRI has adopted a fundamentally quantitative approach to sustainability reporting. When initially preparing a GRI report, companies can choose to prepare a report according to the ‘core’ or ‘comprehensive’ guidelines; the latter option is more onerous in terms of report content. The reporting framework is then split into two components: standard disclosures, which include but are not limited to, information regarding governance, strategy and analysis and the organisational profile; and specific standard disclosures, which include information regarding economic, environmental and social performance. The amount a company must disclose is dictated by which report option they choose. The quantitative approach that GRI adopts is necessary for companies to set goals and benchmark their performance in achieving these goals.

The CDP, formerly known as the Carbon Disclosure Project, has a contrasting approach. It surveys companies, states and cities regarding their environmental conduct. It then collates this data to track progress on environmental issues, carbon dioxide emissions, for example.

The distinct benefit of using a standardised reporting framework is that it facilitates comparison between companies who employ the same framework. In doing so, companies translate absolute numbers (e.g., total greenhouse gas emissions) to relative figures. This allows companies to track not only how they are progressing towards their own goals but also how they compare globally to other companies. According to the GRI (2016), 74% of the world’s largest companies prepare sustainability reports using GRI guidelines. Further, following a predetermined methodology adds consistency to measurements, which means data are readily comparable.

The use of reporting frameworks creates inadvertent collaboration. The content of these frameworks is considered important in the sustainability sphere. Therefore, companies shaping their initiatives to the framework’s requirements creates a concentrated approach to address global issues, which is more likely to drive change than individual companies pursuing the issues they deem to be important. The United Nations Sustainable Development Goals (SDG) are another example of setting common goals for a greater net outcome.

The SDGs are addressed by Optus’s sustainability initiatives, which add legitimacy to Optus’s initiatives as well as improving what are regarded as global issues. Optus, in the past, has used the SDGs to determine whether the issues they are addressing are material issues. The next step for Optus is to work more closely with specific SDG outcomes and tailor initiatives to contribute to these specific outcomes. The fundamental benefit of the SDGs is, like the GRI, that they create a common language. The SDGs comprises 17 goals that have been deemed universally important. These common goals facilitate focus and cooperation to help address and solve these issues.
The role of the core components of systems thinking in the initiatives

Collaboration

Optus believes that sustainability issues must be addressed from a collaborative standpoint. In the past, companies have sought brand equity through uniqueness and differentiation. However, if common goals are set (e.g., the United Nations Sustainable Development Goals) then meaningful progress is only possible through collaboration. For example, the DTP was devised with experts from fields ranging from mental health and educators to data privacy, technology and internet security. It has reached thousands of students and has been accredited and endorsed by the Australian Government adding legitimacy to the program and its content. In another example, the ABR examines ways of creating communities that are more resilient to natural disasters. This is another example of where Optus has worked with other large corporates and non-government organisations to achieve a common goal. A report commissioned by the ABR (see Deloitte Access Economics, 2013) showed that if $250 million was invested annually in pre-disaster resilience, it would lead to savings of $12.2 billion by 2050.

Collaboration as a means for success is again observed with another of Optus’s initiatives – the Healthy Body at Work/Happy, Healthy Minds program. This physical exercise program was developed with fitness experts, while the various mental health initiatives were devised with aid from mental health professionals. The program won the 2016 Mental Health Matters Award for best Mental Health Promoting Workplace NSW demonstrating the importance of collaboration in designing sustainability initiatives.

Innovation

Innovation is necessary to realise opportunities. For example, the Happy, Healthy Mind program recognises the importance of addressing both the physical and mental wellbeing of workers. It is also a good example of how innovation is simply applying a common approach to a new need. In this instance, instead of only addressing physical wellbeing, Optus recognised there was a need to also address mental health.

The work the ABR has conducted to prepare for extreme weather events is also a good example of an innovative approach. The ABR’s innovative approach recognises the significant cost facing governments after an extreme weather event. In recognising this issue, the ABR set about finding a potential solution – that investment in infrastructure which can survive great storms is a more cost-effective approach. A similar translation of an idea put into practice can be seen with the DTP program. Here, Optus identified that if technology continued to be improperly used, it might have negative consequences for their brand. Thus, Optus arrived at the innovative idea of an educational program to improve the online conduct of young users.

Another example is Optus’s $2 SIM. The $2 SIM is for people with cash flow issues that cannot afford a postpaid/prepaid plan. The $2 SIM gives customers unlimited calls and SMS’s on the day they purchase it, and then it expires. Optus noticed that many homeless people were purchasing these SIM cards; however, they also noticed that after the SIM expires these people were once again uncontactable. This has negative implications for those seeking help
from social services and charities. Thus, Optus modified the SIM so that certain charity organisations and social services could be contacted for free regardless of whether the SIM has expired. This example is a good illustration of innovation in practice. That is, using a common product, a SIM card, and slightly modifying it to gain access to an entirely new market.

**Holistic approach**

Optus has employed a holistic approach to understanding how one issue may affect another part of the business. This approach is used in all four of the initiatives highlighted above and is crucial to Optus’s success and their definition of sustainability. The first initiative, addressing the sustainability of their supply chain, is a good example of a holistic approach in practice. Optus recognises that poor worker conditions can impact the service these workers provide to their customers. Further, the competitive nature of the industry also means that any declines in worker satisfaction may lead to those employees seeking work elsewhere. These two factors led Optus to address workers’ rights. This example is also good because the workers in question are not direct employees of Optus but rather employed by a firm that Optus outsources to. Optus recognises that they are indirect employees of the company and should be treated as such.

The other three highlighted initiatives also employ a holistic approach. The DTP recognises that, as a service provider, Optus has a responsibility to teach young people how to use the internet and technology properly. Failure to do so may have negative implications for technological autonomy, and this can undermine public trust in services providers. The Happy Body at Work/Happy, Healthy Minds programs acknowledge the links between worker productivity, satisfaction and wellbeing. In Futureproofing Our Infrastructure, Optus acknowledges the gains from investing in infrastructure today to withstand the climate of tomorrow.

All these programs employ collaboration, innovation and a holistic approach – three elements that are critical to their success. It is these components that directly link each program together and to sustainability (see Figure 2).
Key challenges

Sustainability is a disputed concept to define, let alone to measure. However, tracking the performance of sustainability initiatives is critical to understanding their contribution to the long-term success of a business and to demonstrate short-term gains. There are several reporting frameworks companies can use to track and communicate the progress of their sustainability initiatives and compare their progress with others (see breakout box 2). One such framework is the GRI employed in Optus’s Sustainability Report. Another is the CDP which Singtel uses to report its carbon emissions, energy usage and climate change strategy.

Difficulty in measuring performance

Measuring the performance of sustainability initiatives is important for establishing links to long-term growth and for setting and meeting goals. Optus has set goals for some of their sustainability initiatives which reflect how they envisage them progressing (see Exhibit 3 for a comprehensive summary of the goals for Optus’s sustainability initiatives). For example, Optus is aiming to reach an additional 37,000 students with its DTP program in 2017. However, while some programs have easily measurable components, tracking others is more complex. For example, survey data collected after sessions of the DTP program (see Table 5) indicate those who took part in the program found it beneficial. However, one of the primary motivations of the DTP initiative is to create responsible technology users. The challenge then becomes how Optus shows it is creating responsible technology users to validate its DTP initiative?

Balancing short-term gains with long-term goals

Sustainability is regarded as essential for Optus’s long-term success; however, quantifying initiative performance is also important to prove the existence of short-term benefits stemming from these initiatives. For a successful business, a mixture of both short-term and long-term goals are necessary to show shareholders that a business is thinking about the future without disregarding the present. That is, if only short-term results are considered, sacrifices must be made in the long-term. Conversely, if decisions are made only for the long-term, a business can struggle to demonstrate short-term progress. Programs such as the DTP are inherently long-term programs, but survey results show it is having immediate impacts, too. So, initiatives must balance short and long-term goals. However, this distinction is not so clear for initiatives such as an LCA, where the benefits are only realised long after the LCA had been conducted.

Conclusion

This case study demonstrates how Optus has embedded sustainability into its business. This has only been possible due to Optus’s broad definition of sustainability. As a result, the way it engages with sustainability is dynamic and covers a broad spectrum of activities. To illustrate this, four sustainability initiatives are described in detail. These initiatives are very different in subject matter, but each shares three common themes: collaboration, innovation and a holistic approach. Ultimately, Optus has adopted this approach for long-term success.
As Andrew Buay explains “sustainability is ... not only about how we grow and sustain long-term growth in our business but also about doing it in a way that positively shapes and impacts our many stakeholders.”
References


### Exhibit 1  Three years of financial details for Optus

#### Table 2  Three years of financial details for Optus

<table>
<thead>
<tr>
<th>Variables</th>
<th>2015-2016 ($m)</th>
<th>2014-2015 ($m)</th>
<th>2013-2014 ($m)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Economic value generated</td>
<td>9,115</td>
<td>8,790</td>
<td>8,466</td>
</tr>
<tr>
<td>Operating costs</td>
<td>5,143</td>
<td>5,002</td>
<td>4,851</td>
</tr>
<tr>
<td>Staff costs</td>
<td>1,299</td>
<td>1,246</td>
<td>1,171</td>
</tr>
<tr>
<td>Dividends to shareholders</td>
<td>600</td>
<td>560</td>
<td>560</td>
</tr>
<tr>
<td>Tax expense</td>
<td>379</td>
<td>360</td>
<td>361</td>
</tr>
<tr>
<td>Economic value retained</td>
<td>1,685</td>
<td>1,613</td>
<td>1,513</td>
</tr>
</tbody>
</table>
A dedicated CSR group is responsible for managing sustainability throughout the Singtel Optus Group, headed by a Vice President who reports to the Group Chief Human Resources Officer. The group works in collaboration with group strategy, group risk management, procurement and other business units to oversee and report on the development and execution of the Group’s sustainability strategy. The Management Committee, comprising the eight most senior executives of the Singtel Group and chaired by the Group CEO, provides strategic direction to the CSR group and approves the Group’s sustainability strategy.

Sustainability is on the Board’s agenda, and the Group’s sustainability strategy is presented to the Board annually. The Group CEO provides the Board with regular updates on various sustainability programmes, upcoming activities and global and local trends that may impact their sustainability strategy. At the execution level, Singtel has formulated working groups for Singapore, Australia and regional associates comprising representatives from business and support units. These working groups are actively involved in developing and implementing sustainability strategies and programmes in their respective countries. Various working groups are brought together to drive and collaborate on CSR programmes in key markets, as well as sharing best practices across the Singtel Group of companies.
### Exhibit 3: Optus’s sustainability initiatives from each pillar

**Table 3**  Optus’s marketplace and customer sustainability initiatives with goals and timeframes

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
<th>Achievements to date</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Sustainability supply chain management</strong></td>
<td>Optus seeks to deal with partners who share similar values. Part of this process is to conduct an LCA on its value and supply chain to identify where its environmental, social and economic impacts are greatest.</td>
<td>Completed a global-scale LCA</td>
<td>To be a leader in the industry when it comes to sustainable supply chain management by 2020</td>
</tr>
<tr>
<td>(2015-present)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Supplier performance assessment</strong></td>
<td>Optus has devised a supplier code of conduct with its parent company, Singtel, which is written into any new contracts worth $5000 or more. This assures all suppliers share common values with Optus. Additionally, Optus also now reviews prospective suppliers with regard to human rights, worker health and safety and environmental practices.</td>
<td>A new supplier code of conduct developed with Singtel. It aligns with UN stipulations and has been integrated into all supplier contracts worth $5000 or greater. New suppliers holding contracts above $200,000 have their environmental conduct and worker welfare inspected.</td>
<td>To ensure no major material environmental, social or corporate governance issues arise in the supply chain</td>
</tr>
<tr>
<td>(2015-present)</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Advanced Security Operations Centre (ASOC; 2016-present)</strong></td>
<td>ASOC is a new cyber security initiative to help protect businesses from cyber crime. It does this through a detect and response feature, whereby data are monitored and if a threat is detected security personnel within Optus are notified.</td>
<td>Not publicly available</td>
<td></td>
</tr>
<tr>
<td><strong>Big Data</strong></td>
<td>Big Data is an app customers can use to monitor their data usage and manage its consumption. This helps users to understand where their data is being used and in what quantity.</td>
<td>Not publicly available</td>
<td></td>
</tr>
</tbody>
</table>
Table 4  Optus’s community sustainability initiatives with goals and timeframes

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
<th>Achievements to date</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>DTP (2013-present)</td>
<td>The DTP program is an educational program for secondary school students designed to inform participants about how to use technology safely and for its proper use.</td>
<td>3000 sessions have been run reaching over 88,000 students.</td>
<td>To reach 37,000 students in 2017 with 1350 sessions. Expand to interstate and regional areas.</td>
</tr>
<tr>
<td>Kids Helpline @ School (2013-present)</td>
<td>This program connects primary school students with a counsellor via video link. The sessions cover topics such as family arguments, how to cope with change and information about using technology correctly.</td>
<td>18,000 children participated in sessions in 2015</td>
<td>Not publicly available</td>
</tr>
<tr>
<td>Future Makers (2016-present)</td>
<td>Future Makers provides funding and professional guidance to not-for-profits and entrepreneurs to develop existing technologies which address the social challenges young people face. $50,000 and 18 months of guidance is available for successful participants</td>
<td></td>
<td>Not publicly available</td>
</tr>
<tr>
<td>student2student</td>
<td>The student2student program pairs school students who read at a level below the national average with a ‘buddy’. The student and their buddy read together over the phone weekly. Working with the Smith Family, this program has recently moved into rural areas with Optus providing a mobile phone for those who do not have a landline (2010-present).</td>
<td>In 2015, 600 pairs of students took part in the program. 95% of those who finished the course said their reading was improved.</td>
<td>770 reading pairs by the end of 2017.</td>
</tr>
<tr>
<td>Australian Business and Community Network (ABCN) mentoring (2005-present)</td>
<td>This mentoring program pairs Optus staff with students to discuss their career prospects and education opportunities. The ABCN recently (2015) issued a scholarship, which is awarded to vulnerable youth who have prevailed over hardship to succeed in their schooling. Worth $7000 per annum, the scholarship supports students from year 11 to the end of their first year of tertiary studies.</td>
<td>500 Optus staff mentored 900 students in 2015</td>
<td>Not publicly available</td>
</tr>
<tr>
<td>yes4good (2005-present)</td>
<td>yes4good allows Optus employees to donate their time to their favoured charities or provide mentoring.</td>
<td>In 2015, $8.7 million was donated by Optus staff (this includes cash donations as well as hours volunteered)</td>
<td>15,000 volunteering hours for the 2016/2017 financial year.</td>
</tr>
</tbody>
</table>
Table 5  Optus’s ‘our people’ sustainability initiatives with goals and timeframes

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
<th>Achievements to date</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Think Big (2015-present)</td>
<td>Think Big incentivises employees to think innovatively and to develop ideas into concepts. A small number of concepts are then chosen and developed into products.</td>
<td></td>
<td>Have 1000 Big Ideas submitted by 2017. Host 8-10 Think Big challenges.</td>
</tr>
<tr>
<td>Healthy Body at Work (2014-present)</td>
<td>This eight-week program is designed to encourage employees to become more active, get more sleep and reduce their stress levels.</td>
<td>The program was presented at the 2016 Corporate Health and Wellbeing summit.</td>
<td>Not publicly available</td>
</tr>
<tr>
<td>Happy, Healthy Minds (2014-present)</td>
<td>Happy, Healthy Minds aims to improve worker mental health. To do so, managers have taken courses so they can better identify and assist mental health ailments in their team. Optus has also started the My Life Hub which gives support to people and their families. Additionally, onsite counselling is available at the Sydney and Melbourne offices.</td>
<td>In 2015, 500 managers undertook training in mental health awareness.</td>
<td>Not publicly available</td>
</tr>
</tbody>
</table>

Table 6  Optus’s environment sustainability initiatives with goals and timeframes

<table>
<thead>
<tr>
<th>Initiative</th>
<th>Description</th>
<th>Achievements to date</th>
<th>Goals</th>
</tr>
</thead>
<tbody>
<tr>
<td>Energy efficiency</td>
<td>Increasing the energy efficiency of Optus’s network through a variety of ways, such as installation of smart metres at base stations, replacing older inefficient equipment with new more efficient equipment and making their vehicle fleet more fuel-efficient</td>
<td>In 2015, 640 base stations had smart meters installed, 3000 air conditioners were replaced with thermostat controlled fans, and printers were upgraded to reduce their energy usage by 80%.</td>
<td>Reduce emissions intensity by 30% and 50% by 2020 and 2050 respectively</td>
</tr>
<tr>
<td>Future proofing our infrastructure (2014-present)</td>
<td>Using regional climate predictions, Optus aims to build a network which is more resilient to a changing climate.</td>
<td></td>
<td>To have a network which meets or exceeds regulatory standards.</td>
</tr>
<tr>
<td>Mobile Muster (1998-present)</td>
<td>This program recycles disused mobile phones.</td>
<td>In 2015, 3.6 tonnes of mobile phones were acquired.</td>
<td>To contribute a volume of mobile phones which is proportional to Optus’s market share.</td>
</tr>
</tbody>
</table>
Discussion

Discussion questions

1. Comment on the definition of sustainability that Optus has provided. What is the meaning and scope of sustainability in the eyes of Buay?

2. Optus has chosen four ‘pillars’ to implement their sustainability mission. Comment on why or why not these four are the most appropriate ‘pillars’ for the business?

3. Why is it important for organisations such as Optus to appear sustainable? How would you test whether their claims are substantiated and that the initiatives are leading to a substantial impact?

4. You have just started as a new human resources manager at Optus. Write a plan to implement the Healthy Body at Work/Happy, Healthy Minds program. How would you know if your program was successful?

5. Why does Optus undertake the DTP?

6. What role do collaboration, innovation and systems thinking play in the company’s initiatives?

Discussion notes

1. The case study may lead to a discussion of how the meaning and scope of sustainability today has transformed from charity, doing good and CSR to long-term growth, survival and its role as part of the company’s business model. An alert student may take the initiative of checking the Linkedin profile of the group head of sustainability at Singtel Optus and note that he has a business strategy background.

2. Question 2 may lead to a discussion on how a sustainability strategy needs to be custom-built for the unique situation of a company.

3. Discussions might reinforce the evolution of sustainability from a function centred on communications and marketing to its integration into core business models and associated elements, such as revenue, profits, how we make money, how we operate, etc.

4. A discussion on the measurability and specificity of targets.

5. Appropriateness of the initiative

6. There should be a discussion on whether and how collaboration, innovation and a holistic approach are reflected in the initiatives described in this case study. The case study should be printed in such a way that the section on ‘The role of the core components of systems thinking in the initiatives’ and the conclusion are printed separately from the main part of the case study and its various tables and figures. The teacher can then facilitate a discussion and finally provide the case study writer’s analysis of the topic.
CASE STUDY 2

How is Fuji Xerox stewarding a sustainable future for its business?
Student author: Adrienne Kraal

Introduction

Sustainability in business is a key aspect of many organisations. Businesses not only compete in the delivery of products, but also in the shared values and contributions they make to the community and environment. Fuji Xerox recognised the importance of sustainability long ago and has since inseparably integrated sustainability into their business operations. Today, Fuji Xerox has strong momentum in sustainability, and this has allowed them to establish a solid foundation and a competitive advantage in the business and document management solutions field.

Background of Fuji Xerox Australia

Fuji Xerox Australia is a wholly owned subsidiary of Fuji Xerox Asia Pacific Pte Ltd, a Singapore registered company, which reports to its Japanese parent, Fuji Xerox Co Ltd. Fuji Xerox Australia has operated in Australia for 54 years.

FUJIFILM Holdings Corporation is Fuji Xerox Australia’s ultimate parent company owning 75 percent of Fuji Xerox Co Ltd’s shares, with Xerox Corporation (US) owning the remaining 25 percent. Upstream Solutions Pty Ltd (Upstream) is a wholly owned subsidiary of Fuji Xerox Australia.

Fuji Xerox Australia is an interesting company that constantly looks for innovation. It is always on the lookout for the next opportunity to future-proof itself against any foreseeable and expected challenges that may affect its position in the industry.
Fuji Xerox Australia is committed to innovation for differentiation. It helps its customers achieve sustainable outcomes through solutions to stay ahead of competitors. The company is also a strong believer that in order to maintain a successful organisation and be at the forefront of the industry, corporate sustainability initiatives must be a priority.

**Fuji Xerox Australia’s participation in the UN Global Compact**

The United Nations Global Compact (UNGC) is the world’s largest corporate sustainability initiative, of which Fuji Xerox Co Ltd is a UNGC LEAD company. In support, Fuji Xerox and its affiliates view the initiative’s principles as fundamental to their CSR values. With 17 goals and 169 targets, Fuji Xerox commits to aligning its core business operations with 12 of the 17 listed sustainable development goals as a means to advance corporate sustainability and Fuji Xerox’s contribution to sustainable development.
Fuji Xerox Australia foresaw that technology would advance at an unimaginable speed and bring us into an era where revolutionary changes in information and communication technologies will have an immense impact on business and society. Despite the speed of technological change, Fuji Xerox Australia has managed to thrive with agility, owing to good management of e-waste and by incorporating sustainability values backed with CSR initiatives into all aspects of its business. As a result, Fuji Xerox Australia’s innovativeness has proven successful in safeguarding their position as a company that is needed by society, and it has secured its position as a world-leading enterprise in business and document management services.

In addition to prioritising sustainability practices in its business operations, Fuji Xerox Australia realised the importance of creating a more sustainable society and environment to ensure the long-term success of its business. From Fuji Xerox Australia’s perspective, CSR management is indispensable to sustained corporate growth, and it is only reachable when practised throughout all business processes.
Fuji Xerox Australia’s sustainability initiatives

Fuji Xerox Australia shares the same core values as its parent company and their commitment to sustainability is evident in all aspects of their business. Their sustainability initiatives include:

1. Investment in an Eco Manufacturing Centre located in Rosehill Sydney that generated a return of $240 million on an investment of $22 million over 15 years.
2. Commitments to protecting the environment by including the Fuji Xerox Australia environmental policy as a fundamental component of its business operation. Significant growth in remanufactured parts of 33% for the 14/15 financial year and a further 17% growth in 2015-16 has been recorded.
3. Commitment to partnerships with business entities and continued improvements in its sustainability processes.
4. Practising a waste hierarchy system (see Figure 8)
5. Actively marketing eco-friendly products and consumables and promoting reuse and recycling
6. Programmes to achieve agreed environmental targets and objectives
7. Going further and beyond regulatory requirements
8. Use and advocacy of triple bottom line reporting

![Figure 8: Fuji Xerox Australia’s waste management hierarchy](image-url)
Triple bottom line

Triple bottom line, otherwise known as TBL or 3BL, consists of social equity, economic and environmental factors, whereby “people, planet, profit” describes the TBL and the sustainability goal rather perfectly. It advocates efforts towards achieving Fuji Xerox Australia’s sustainability by adding social and environmental (ecological) concerns in its business.

Figure 9 The tenets of a triple bottom line

‘People’ can be viewed as the organisation’s needs, personal needs or the community issues associated with supplying future generation of people into the business.

Figure 10 The concept of people in triple bottom line

Fuji Xerox Australia attracts employees who are ethical and have a sustainability mindset to help them strive for greater innovation and improvise initiatives.

Gender equality and employing disabled people is evident at all levels of the organisation, particularly at senior-executive level. Its partnership with United Way has played a role in improving literacy, school retention and youth unemployment in disadvantaged Australian communities. This partnership also provides Fuji Xerox Australia’s employees with the opportunity to volunteer for good community causes – a win-win outcome for both the parties. Community engagement provided is meaningful to employees and therefore enhances their willingness to contribute to their employer.
Fuji Xerox Australia’s partnership with Aspitech, a leading electronic recycling facility in Adelaide, has even created new jobs. Overall, Fuji Xerox Australia fulfils all the dimensions of the triple line bottom line reporting that represent people.

‘Planet’ refers to sustainable environmental practices and Fuji Xerox Australia consistently strives to minimise its ecological footprint by reducing its use of raw materials and its contributions to landfill. In addition, Fuji Xerox Australia extended this commitment by establishing the Fuji Xerox Australia Environmental Policy and supplier code of conduct, in which they share their sustainability standards, based on the principles of the United Nations Global Compact, with their suppliers. The benefits from their partnership with Aspitech in South Australia are crucial in reducing their logistics operations and, hence, benefit the environment by reducing carbon emissions.

‘Profit’ is the net economic value created by an organisation. As would be expected from any organisation that incorporates a sustainability framework into its business, long-term initiatives in sustainability are eventually converted into a dollar value – hopefully profit. Fuji Xerox businesses around the world, including Australia, have a long track record of revenue growth.

In real terms, this means Fuji Xerox Australia has contributed an enormous amount of profit to creating employment and enhancing social benefits.

In addition to its vast number of sustainability initiatives, Fuji Xerox Australia is also impressively committed to the end-to-end lifecycle of its products.

**Fuji Xerox Australia and product stewardship**

Product stewardship is an end-to-end lifecycle of thinking. It implies taking responsibility and ownership for the product dispatched to the customer and then retaining that responsibility as the product reaches the end of its lifecycle. Re-manufacturing acts as a support function to that principle in the sense that materials are collected and assessed as to whether they can be remanufactured to yield a better material outcome.

“At Fuji Xerox Australia, product stewardship, ensuring that the waste streams generated throughout the full lifecycle of our equipment are minimised and handled in an environmentally responsible manner, is a driving principle for our business”, says Rhys Huett, National Customer Support Operations and Eco Manufacturing Manager. He claims that Fuji Xerox Australia is the industry leader in product stewardship. To minimise product waste and maximise the efficiency of product use, Fuji Xerox equipment is designed with the environment in mind, and this ideology continues throughout product development until the product’s life has ended. To ensure that the products are ecological, Fuji Xerox incorporates technologies that:

1. eliminate the need to use hazardous material, such as lead-based solder;
2. enable low energy consumption during use of the machine;
3. use innovative and energy-efficient toner and ink technologies;
4. minimise the use of new resources; and
5. facilitate the remanufacture or recycling of used machines and parts.
Figure 11  What can be re-manufactured in an office device?
End-of-life product stewardship

Fuji Xerox’s integrated recycling system for the purposes of reusing parts and recycling used products and consumables in Japan, China and Thailand and Australia, have achieved a staggering 99 per cent resource recovery from products at their end-of-life. This impressive initiative protects new resources from being used in a wasteful manner.

Some of the items that are sent for remanufacturing and recycling, either at the Sydney-based Eco Manufacturing Centre (for remanufacturing) or to domestic third-party recyclers, include devices, parts and toner cartridges collected from customers.

Figure 12  Fuji Xerox Australia’s Integrated recycling system

Figure 13  Fuji Xerox Australia’s Eco Manufacturing Centre
Reducing the use of new resources and cutting the carbon footprint of new product manufacturing by making full use of products is achieved through an end-of-life product stewardship approach. In addition to the environmental benefits, Fuji Xerox has been able to demonstrate a more desirable financial outcome by conducting its business in a sustainable way.

**Close the Loop and Downer**

Fuji Xerox Australia’s long-term partnership with Close the Loop as a key supplier has proven to yield a continued favourable outcome. Both entities have a desire for a continuous improvement framework to achieve better outcomes. For instance, the steps the two companies are taking to raise the bar of the industry by seeking a landfill policy that is closely aligned with their zero landfill policy.

Partnerships with Close the Loop and Downer in 2015 enabled a smooth process from recycling and extracting waste toner to putting TonerPave™ into roads (see Figure 14).

By the end of the 2015-16, Fuji Xerox Australia’s Eco Manufacturing Centre had captured 268 tonnes of waste toner for reuse. With this partnership, Fuji Xerox Australia became the first original equipment manufacturer to send waste toner directly for use in TonerPave – a high-performance asphalt that utilises waste products derived from used printer cartridges to pave roads. TonerPave is currently used in Sydney, Adelaide, Melbourne and Brisbane.

This partnership has since led to desirable environmental outcomes such as:

- a reduction in carbon footprint;
- minimal reliance on natural resources;
- preventing high-grade plastics from entering our landfills;
- cost efficiencies; and
- better road performance.
Figure 14  How TonerPave is made

**Sims e-recycling**

Sims recycling solutions is an arm of Sims metal. They handle particularly hazardous materials and ensure they are disposed of appropriately. Esims is Fuji Xerox Australia’s chosen partner for electronics recycling. CRT monitors are 22% lead, which has to be handled with caution because of its health risks. They are recycled in a lead smelter in South Australia.

**United Way**

Fuji Xerox believes in giving back to the society. Their fruitful partnership with United Way has reached a 25-year milestone and has not only helped United Way meet its ongoing commitment to the community but is also believed to motivate those employees engaged in community and volunteer work to contribute more to Fuji Xerox Australia.
Australian Packaging Covenant (APC)

Fuji Xerox Australia won the 2016 Australian Packaging Covenant Award, which recognises the best of the best among business and industry in packaging product stewardship accomplishments. APC encourages sustainable packaging, increases recycling and reduces litter. Sustainable packaging includes how a product is designed, what it is made of, how it is made, how it is used and what happens to the product at the end of its life.

To summarise Fuji Xerox Australia’s partnerships, Fuji Xerox Australia has earned its medal for being a big differentiator in the information and communications technology industry. Fuji Xerox Australia continues to recycle to a higher standard than the rest of the industry and is still seeking better options as new technology emerges. Fuji Xerox Australia also places strict controls on its auditing processes by requiring documentation to see where the materials it recycles end up.

Partnerships are integral to the success of Fuji Xerox Australia’s business.

Fuji Xerox Australia and sustainability at the office

In “paving the way for a sustainable future”, Fuji Xerox Australia has indeed proven to practice what it preaches – literally.

The North Ryde head office in Sydney is a good example of Fuji Xerox Australia’s sustainability practices. These include:

- activity-based work environment;
- using energy efficient multifunction devices;
- Swipe to print solution, which results in less printing and reduces the requirement for equipment; and
- smart energy management technology.

Sustainability skills

Fuji Xerox Australia conducts its business in a sustainable manner and intends to embed it further within its company and customer cultures. Fuji Xerox is also constantly aligning how they hire, manage and train the future leaders of their business by enabling them to challenge norms and encouraging employees to think like their customers.

In the light of this, employing university graduates with sustainable skills is important in ensuring the performance of firebrand businesses, like Fuji Xerox, to continue challenging the status quo. Graduates who are self-motivated, innovative, adaptable, flexible and passionate will be both game-changers and future leaders.

In their Sustainability Report 2015, Fuji Xerox once again highlights the importance of communicating with its customers. This company is working towards improving the quality of education at all levels of education including universities. This leads to the need to focus more on active learning or flipping the classroom as a way to learn and, therefore, this should be adopted by universities throughout Australia (see Figure 14).
Challenges

1. **Diversity.** Fuji Xerox Australia strives for gender balance in the workplace. Even though the employment rate for women is ten times higher than that of Japan, Fuji Xerox recognises this as an issue and is aiming for greater diversity to allow better decision making and different perspectives for the sustainability of the company.

2. **Logistics.** Distance from Asian countries also makes resource values a huge problem. Effective methods must be employed to mitigate the distance challenge.

3. **Thermal recovery.**

4. **Oil prices.** The price of oil today is relatively cheap, and perhaps this was not expected a decade ago. As a result, there is less incentive for organisations to recycle as it is cheaper to manufacture plastics than recycle them.

Conclusion

By viewing sustainability initiatives as a long-term instrument for success, Fuji Xerox Australia has added, and will continue to add value to the nation’s economy, environment and community through value that is fully integrated into their business operations. As Fuji Xerox Australia continues to strive for sustainability, it is desirable for the rest of the industry, as well as other industries to continually push sustainability measures a step further than today.

From another viewpoint, the government could incentivise organisations to prioritise incorporating sustainability into core business value to help the community and the environment. The government should also support the innovation cycle. In terms of policies, stricter sustainability requirements are needed.

In this case study, Fuji Xerox Australia has gained from investment in sustainable initiatives by having both a financially sound balance sheet and a trusted brand name in the community.

References


TonerPave 2014, TonerPave animation by Downer, viewed 10 October, 2016, https://www.youtube.com/watch?v=ZKnGjw8vbtA.


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Discussion

Discussion questions

1. Is Fuji Xerox one of the companies operating in a highly dynamic industry, especially one in the process of disruption? What are the opportunities and challenges faced by such companies?

2. How can sustainability be connected with a business strategy in a company like Fuji Xerox Australia?

3. What do initiatives such as the Eco Manufacturing Centre, TonerPave and Product Stewardship inform about the meaning and scope of sustainability practices at Fuji Xerox Australia?

4. Discuss reasons why Fuji Xerox Australia has been able to focus on sustainability for such a long time on a sustained basis?

Discussion notes

Notes to each question above.

1. Fuji Xerox Australia is in an industry that is highly dynamic and experiencing disruption. Digitisation, use of smartphones at work and digital online work processes are changing their business processes. The opportunities are in leveraging their domain expertise to introduce new solutions that capitalise on existing investments and new innovations. Examples of such opportunities can already be found in Fuji Xerox Australia’s offering of business solutions in workflow automation and document management. The challenges also arise from disruption in the industry that may lead to new products and services launched by start-ups that may completely replace the company’s business. Companies on the wrong end of disruption may also be under pressure due to: downward trends in revenue and profits; high turnover of senior executives, including the CEO; and reduced ability to attract talent.

2. Sustainability is a function that looks for, and targets, long-term growth and survival can contribute to a business strategy. It can help a company to design and implement programmes and initiatives that achieve these objectives.

3. Long-term growth and survival demand not just CSR but also a linked holistic practice.

4. Long-term commitment of the management, support from the parent company and shareholders who exhibit patience to see the fruition of such programmes.
Lipton Ice Tea: The great disruptor of the beverage industry
Student author: Esther Rajadurai

Introduction
On any given day, products made by Unilever, are consumed by over 2.5 billion people globally. With a portfolio that encompasses some of Australia’s leading brands such as Lipton, Dove, Continental, Magnum and Lynx; Unilever is one of the largest Fast Moving Consumer Goods (FMCG) companies in the world. With over 400 brands under its wing, it seeks to positively impact the lives and homes of people worldwide.

Unilever’s passion for enhancing everyday lives started in the 1890s, when William Hesketh Lever, founder of Lever Brothers, wrote down his ideas for Sunlight Soap – his revolutionary new product that helped popularise cleanliness and hygiene in Victorian England. It was “to make cleanliness commonplace; to lessen work for women; to foster health and contribute to personal attractiveness, that life may be more enjoyable and rewarding for the people who use our products”.

That sense of purpose and mission has always been part of Unilever’s approach to business. In the 21st century, it is still helping people to look good, feel good and get more out of life – and its purpose as a business is to ‘make sustainable living commonplace’.

The Unilever Sustainable Living Plan
Unilever’s vision is to ‘grow the business, while decoupling environmental footprint from its growth and increasing its positive social impact’. The Unilever Sustainable Living Plan (USLP), launched in 2010, is the blueprint for achieving this vision. The USLP is central to Unilever’s business model, and is helping to drive profitable growth for its brands, save costs and fuel innovation. The Plan sets out three big goals:

- Help more than a billion people to improve their health and wellbeing.
- Halve the environmental footprint from making and using of its products.
- Source 100% of its agricultural raw materials sustainably and enhance the livelihoods of millions of people as it grows its business.

Unilever takes a lifecycle approach to managing the impact of its products from the sourcing of raw materials right through to product manufacture, distribution, consumer use and disposal. The company is also working with suppliers, partners, governments and non-profit organisations to help tackle the big social and environmental challenges facing the world and encourage consumers to make more sustainable choices.
**Lipton Ice Tea**

Unilever launched Lipton Ice Tea in 2000 in Australia, in a market where tea was predominantly a ‘hot’ beverage and the concept of ‘cold’ tea was foreign. Its main goal was to transform the beverage market and completely disrupt it, to introduce a healthier cold drink in comparison to other popular soft drinks, by big names like Coca Cola and Schweppes that were leading the beverage industry.

Tea naturally has quite a variety of healthy credentials that many consumers were already familiar with. Lipton Ice Tea also has considerably less sugar content than other soft drinks, no preservatives or artificial colourants. These factors were encouraging predictors of the strong potential to grow in a soft drinks market increasingly influenced by the growing trend towards health, wellness and sustainability.

However, to be successful, Unilever had to educate consumers about a completely new type of drink, and a new way of thinking about tea.

Furthermore, Unilever was not alone in seeing this opportunity as Coca Cola entered into a joint venture with Nestle to launch a competing iced tea brand – Nestea, and this made shelf space in out-of-home retailers and quick-service restaurant chains harder to acquire. To compete against the scale of these big soft drink players Unilever had to reduce its costs and make its product affordable while simultaneously reducing its environmental footprint.

**Campaign for Ice Tea**

Unilever realized that in order to penetrate the market successfully, it had to present something unique. Something that would move customers from associating tea as a hot drink that is made consumed with milk or separately, to something that they would look for in the cold drink fridge. The conceptual barrier in the minds of people that were immersed in a hot tea culture had to be broken in order to reach the tipping point of ice tea sales that would make it profitable to produce and sell ice tea en masse.

The tipping point came in 2009, when Unilever launched the ‘Cool your world naturally’ campaign in Australia with the objective of getting people to think of Lipton Ice Tea as a refreshing cool beverage – not just cold tea in a bottle. It needed to communicate to its potential customers, the basic functional benefit of the product – that when it’s really hot, nothing cools you down naturally like a Lipton Ice Tea.

**Key single-minded communication proposition:**

*When you’re really hot,*
This campaign helped increase the sales of Lipton Ice Tea by 37% in one year, and added a further 12% of 16-24yr olds, and 5% of 25-34yr olds to its total penetration. From selling tea bags at 3-4 cents, a bottle of Lipton Ice Tea, now sells for over $3 per bottle.

To follow-up on this campaign, Lipton obtained the endorsement of one of Australia’s most popular celebrities, Hugh Jackman, who starred in their advertising for the next 3 years. Hugh also helped Lipton with the re-launch of their Green Tea range. As part of Unilever’s commitment to help consumers improve their health and wellbeing, these products were among the first in the beverage market to use the natural herbal sweetener, stevia, making them naturally low in calories, without the use of artificial sweeteners.

In 2012, in the next phase of its disruptive strategy, Lipton launched a *Virgin Cocktails range including variants such as* Lipton Ice Tea Mojito, Daiquiri and Pina Colada. The campaign was a big hit as it created an association between the Lipton Ice Tea brand and a sense of ‘living the good life’, especially over a cocktail.
The manufacturing process

Lipton continuously aims to be a leading innovator in the ready to drink market and strives to embed sustainability in every stage of the product development process. This starts with sourcing as much of its tea as possible from plantations certified as sustainable by the Rainforest Alliance or other independent organisations, or by Unilever’s own exacting supplier standards.

The manufacturing process for the bottles of Ice Tea was brought in house in 2006, and now the entire production is done in a factory in the small regional Victorian town of Tatura, where it is a major contributor to local employment. In 2015 Unilever made major investments in the Tatura factory in order to further reduce the environmental footprint of its products and the production process. One of the key initiatives was the installation of a blow-fill line to improve energy efficiency in the factory and reduce transportation costs of bottles.

Rather than trucking full size, empty bottles into the factory from a supplier in Melbourne, the new process brings in only the pre-form containers, which are then blown out and filled with ice tea almost instantaneously, using a state-of-the art machine. The process has saved approximately 1000 truckloads of transport per year. The weight of the bottle has also been reduced and the cap has been made smaller, all of which have contributed to energy, waste and cost savings. The older bottles were 33g in weight while the new ones weigh only 26g. The cap size has also been reduced from 38mm to 28mm which has further reduced the plastic use and transport weight. Through this blow-fill process, Lipton has reduced its carbon emissions by over 5,000 tons per annum.

Making a bottle is an energy-consuming process. Any waste energy is usually lost at the bottle manufacturer, so there’s a lot of the energy simply emitted and not utilized efficiently.

By bringing the production in-house, bottles are made on site and the waste energy and compressed air used in the bottle-blowing process is picked up and processed to supply to the rest of the factory for other parts of the process.

The shift to this blow-fill process was a huge investment for Unilever. However, the company understood that it would also result in significant long term benefits and energy efficiency savings. Lipton works to reduce its environmental impact at every step of the product life cycle. For example any bottles that are not sold due to some defect are emptied, with the product being recycled and used as feedstock by local farmers and the empty bottles sent off to a PET recycling plant. The factory is also home to many other manufacturing processes for Unilever’s foods portfolio enabling synergies and cross-transfer benefits in terms of energy usage. Lipton presently achieves an Overall Equipment Effectiveness (OEE) of 71% and it’s targeting an OEE of 75% for the next financial year.
The blow fill process has also significantly reduced the production cost of Lipton Ice Tea and achieved a payback on the capital outlay within 3 years.

The story of ice tea illustrates that sustainability can be feasible from a financial aspect and that it has a high return on investment in the long run.

Discussion

Discussion questions

1. To what extent is Lipton Ice Tea a sustainable brand? Are there any gaps in the sustainability practice and how can such gaps be filled?

2. Can you propose new programmes, initiatives, inventions or innovations that could help Lipton Ice Tea to be more sustainable?

3. Categorise and prioritise the programmes and initiatives so as to create a five-year sustainability development plan for Lipton Ice Tea.

Discussion notes

The focus of this case study is to orient students to exercise creativity and innovation in the area of sustainability, especially in the disciplines of marketing and entrepreneurship.

This case study presents innovations in the manufacturing process and supply chain that support Lipton Ice Tea’s efforts in helping consumers achieve a sustainable life. However, there are a number of gaps that need to be filled especially in the areas of health – primarily the use of sugar, distribution models and the plastic waste generated by the end-consumer. This case study will encourage analytical and critical thinking to place the brand’s existing bundle of benefits and services, including its sustainability features, in the context of a business and marketing strategy. Students should: find the gaps and issues in the current bundle; exercise creative thinking to come up with new programmes and initiatives; assess their effectiveness; and collectively and collaboratively prioritise their initiatives.
Appendix E – Assessment rubric

Table 7  Assessment Rubric

<table>
<thead>
<tr>
<th>Pass</th>
<th>Credit</th>
<th>Distinction</th>
<th>High Distinction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Meaning, scope and value of sustainability</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>• Awareness is limited to the role of sustainability in the physical environment and social responsibility</td>
<td>• Awareness of the role of sustainability across the value chain with a broad scope</td>
<td>• Understand the role of sustainability in managing markets, customers, technology and supply chains</td>
<td>• Understand the link between sustainability and business</td>
</tr>
<tr>
<td>• Awareness of the impact of poor waste management and unethical practices on the environment and society</td>
<td>• Awareness of the impact of sustainability on business survival and long-term growth</td>
<td>• Understand sustainability as both a cost and a source of opportunities</td>
<td>• Proficient in designing a custom sustainability strategy based upon the unique business situation of a particular firm.</td>
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<tr>
<td></td>
<td>• Awareness of the value of sustainability in 'good' corporate management</td>
<td>• Understand the impact of sustainability on a broad range of stakeholders</td>
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</tbody>
</table>

**Knowledge and skills in practice**

• Understands metrics and global and local reporting frameworks, e.g., DJSI and NGER
• Understands environmental regulations and history of sustainability (e.g., carbon pricing in Australia)
• Competent in performing reporting and compliance
• Sustainability in personal behaviour
• Skills in project coordination, project management, administration, analytics and communication.
• Able to do hard work, manage own time, disciplined conduct.
• Aware of the need to balance economic, social and environmental benefits and costs in business plans.
• Commercial acumen
• Able to build and present business cases with integration of sustainability aspects
• Demonstrates systems thinking
• Able to create and present a change agenda
• Open to learning and willing to engage in discussions about business models and business cases
• Able to practice multi-disciplinary leadership
• Able to lead a change agenda
• Able to build and integrate high performance oriented talented teams

**People**

• Aware of diversity and social justice
• Has respect for other human beings
• Committed to diversity, social justice and respect for other human beings
• Global outlook in dealing with human resource issues
• Understands human rights
• Proficient in assessing CSR initiatives
• Proficient in creating sustainability strategies with sensitivity to human rights, diversity and social justice
• Able to link human resource sustainability with a business strategy, long-term growth and business survival
<table>
<thead>
<tr>
<th>Pass</th>
<th>Credit</th>
<th>Distinction</th>
<th>High Distinction</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General attributes</strong></td>
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<td></td>
</tr>
<tr>
<td>• Demonstrates initiative, energy, enthusiasm, and commitment to complete projects within the role assigned</td>
<td>• Able to interpret the content of their role broadly.</td>
<td>• Adaptable to vague and abstract roles</td>
<td>• Agile in highly dynamic, shifting environments</td>
</tr>
<tr>
<td></td>
<td>• Proactive in recognising problems.</td>
<td>• Accepts uncertainty and adaptability in less defined and dynamic environments.</td>
<td>• Persevers, is resilient, accepts failure, open to learning especially from experience</td>
</tr>
<tr>
<td></td>
<td>• Open to learning</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Business strategy skills</strong></td>
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<td></td>
</tr>
<tr>
<td>• Understands how sustainability agreements and conventions such as COP21 have evolved</td>
<td>• Familiar with case studies of companies that have built and implemented a sustainability strategy successfully with results that have positively impacted the business. e.g. Fuji Xerox, Singtel Optus</td>
<td>• Understands the role of vision, purpose and goals in adopting and cascading sustainability throughout the organisation</td>
<td>• Skills in building business strategies with well-integrated sustainability objectives and programmes</td>
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<tr>
<td></td>
<td>• Understands of how companies have changed their business models to incorporate sustainability objectives</td>
<td>• Understands different sustainability KPIs</td>
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<tr>
<td><strong>Marketing skills</strong></td>
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<tr>
<td>• Familiar with companies that incorporate sustainability goals into product design and development from the beginning</td>
<td>• Understands practices and processes that help embed sustainability in products and services</td>
<td>• Skills in creating and assessing sustainable product and market development</td>
<td>• Able to create and assess marketing strategies with integrated sustainability programmes and objectives with sensitivity to local market and consumer contexts</td>
</tr>
<tr>
<td>• Familiar with brands that grew commercially in spite of investments in CSR initiatives, e.g., Dove, Lipton Ice Tea</td>
<td></td>
<td>• Familiar with theories and concepts such as ‘bottom of the pyramid’</td>
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<tr>
<td><strong>Financial management</strong></td>
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<tr>
<td>• Understands global reporting frameworks and assessment tools</td>
<td>• Understands how to incorporate sustainability measures when performing feasibility analyses, returns on investment, etc.</td>
<td>• Understands the concepts of ethical portfolios, social return on investment, valuation of natural assets, etc.</td>
<td>• Able to create and assess financial strategies that incorporate a broad range of economic, ethical, environmental, social, CSR and sustainable objectives, and costs and benefits</td>
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</tbody>
</table>
Appendix F – Guides for communicating sustainability skills to enhance employability

Guide for academic staff in Australian HEIs

This research project uncovered attributes that employers desire from graduates, especially the graduates of business schools and faculties. The following graduate employability related insights can assist students in enhancing their employability with Australian businesses.

What do employers like to see in a graduate?

**Practical work experience**: Employers value practical experience in the industry in real work conditions. Internships or practical work in well-known organisations are ideal entries on a resume. However, the time period should not be too short; 3 weeks’ work at these types of organisations is not enough. Employers are interested in candidates that have extensive practical experience working under time pressure, dealing with stakeholders, working in a team for sustained periods and completing a project from end to end in situations that may test their perseverance and resilience. These conditions require graduates to engage in work experiences that span several months, or even years.

**Commercial acumen**: Employers value graduates with business acumen, or ‘savvy’, in terms of understanding how a business makes money, how it operates, what stakeholders’ expectations are and how the business is positioned within its competition, market, supply chain and customers.

**Academic excellence with the practical application of theory**: Employers repeatedly mention that good grades at university are only a starting point; they increase the chances of being considered as a candidate. However, while frameworks and models are considered to be of assistance in thinking through concepts and problems, they prefer candidates who have demonstrated how they have applied theory in real-life situations.

**Practical skills**: Employers also express a desire for day-to-day skills, such as project coordination and management, administration, communication, report writing and compliance. Good digital skills are also required, especially for managing virtual teams.

**Systems thinking and holistic attitude**: Employers highlight that analytical and critical thinking skills are a good starting point, but they prize practical skills such as understanding the decision-making processes, managing stakeholders, building talented teams, systems thinking with a holistic attitude and the potential for multi-disciplinary leadership where learning and experiences from a role in one sector are applied to solving problems in another sector.

How can a graduate communicate effectively with their resume / CV?

**Practical work experience**: Employers emphasise the necessity for practical work experience. The graduate’s resume / CV should not be a list of duties and responsibilities. Rather,
candidates need to highlight their achievements in those roles. Their achievements should be specific and important to the company, function or department where they were performed. Contributions to the candidate’s learning and development should be expressed in quantitative, objective terms and should not be couched in the specific internal terminology of the host company.

**Volunteering:** Employers also preferred a record of volunteer work. Again, it needs to be substantial, and any achievements in the role or task should be clearly presented. This type of experience is especially useful in sustainability-related roles or in cases when sustainability literacy or experience in participation in sustainability-related projects or initiatives is presented as a differentiating factor.

**Academic:** Good academic performance remains a criterion to be shortlisted. However, employers are generally impressed by candidates that have applied theory to projects and tasks. If a record of such achievements exists, then a description is helpful.

**Multi-and cross-disciplinary achievements:** Skills built as a result of experience are desired by employers, as these signify potential for holistic thinking and multi-disciplinary leadership.

**How can a graduate perform well in an interview?**

**Personal behaviour:** Employers appreciate that a graduate is keen to work at a company that values sustainability. However, such companies also look for evidence that the graduate has incorporated sustainable practices into their own behaviour and past projects.

**Research:** Employers emphasise that a graduate interviewee should have researched the sustainability-related policies, projects and initiatives of the company and be able to express views and provide details that demonstrate their engagement, interest or even passion for working in the field of sustainability for the company. Candidates that do not exercise their initiative, especially if the information is readily available (which is the case in most companies today), will be seriously disadvantaged. For example, an interviewee at Unilever should have good knowledge of the Unilever Sustainable Living Plan, its major objectives, targets and accomplishments. Expressing their ideas on how they can contribute to the programme and making suggestions for improvements will demonstrate their interest.

**Sustainability literacy:** Knowledge of global happenings and trends in the field, such as the COP21 conference, familiarity with major analytic or reporting frameworks, such as DJSI and NGER, and breakthroughs and milestones in sustainability can differentiate a candidate, giving them a competitive advantage.

**Sustainability's link with business:** While sustainability literacy can serve as a foundation for demonstrating knowledge, a business graduate should show their understanding of the connections between a sustainability strategy and a business strategy. They should be able to link revenue and profits with various other elements of the business model, such as costs, supply chains, customer segments, distribution, logistics and partnerships with the environment, CSR and sustainability. Their skills in combining economic, environmental and social benefits and costs can set them apart from other graduates who may have predominantly one-dimensional (economic) skills and attitudes.
**Broad scope**: Graduates should highlight a holistic understanding of sustainability that goes beyond CSR to include aspects of both risk management and future opportunities to develop new products or make cost savings, for example.

**Experience**: Practical work experience, such as internships and volunteering, should be highlighted. Any experience related to change management, leading a change agenda, project management and execution of initiatives, especially under conditions of uncertainty, should be described in such a way that highlights the achievements and contributions of the experience without an overly detailed description of the specific context.
Guide for marketing teams and career offices

This research project uncovered attributes that employers desire from graduates especially the graduates of business schools and faculties. The following graduate employability-related insights assist students in enhancing their employability with Australian businesses.

Attributes that Australian employers look for in graduates, in their future leaders and leadership aspirants

Commercial acumen: Employers value graduates with business acumen, or ‘savvy’, in terms of understanding how a business makes money, how it operates, what stakeholders’ expectations are and how the business is positioned within its competition, market, supply chain and customers.

Academic excellence with the practical application of theory: Employers repeatedly mention that good grades at university are only a starting point; they increase the chances of being considered as a candidate. However, while frameworks and models are considered to be of assistance in thinking through concepts and problems, they prefer candidates who have demonstrated how they have applied theory in real-life situations.

Practical skills: Employers also express a desire for day-to-day skills, such as project coordination and management, administration, communication, report writing and compliance. Good digital skills are also required, especially for managing virtual teams.

Systems thinking and holistic attitude: Employers highlight that analytical and critical thinking skills are a good starting point, but they prize practical skills such as understanding the decision-making processes, managing stakeholders, building talented teams, systems thinking with a holistic attitude and the potential for multi-disciplinary leadership where learning and experiences from a role in one sector are applied to solving problems in another sector. Skills that were historically desired only by entrepreneurs or disruptive companies are now wanted, even in large and traditional companies.

Why should sustainability capabilities of graduates be leveraged in the recruitment process?

Employers define sustainability in broad terms. For them, sustainability is no longer just a feel-good, charity function or a ‘mantra’ to be chanted in front of the press. Rather, it is vital to the long-term growth and survival of the organisation, an integral part of the business model, and provides a purpose for the organisation, which helps to engage employees and other stakeholders. It combines not just the moral values and social responsibility dimensions that were integral to an earlier version of sustainability functions but also integrates the business strategy, growth and survival dimensions of contemporary business. Sustainability is no longer a branch of communication; it is at the heart of the business. Therefore, a passion for sustainability can be a differentiating factor for a graduate.
How can a graduate communicate effectively with their resume / CV?

**Practical work experience:** Employers emphasise the value of tangible, specific and measurable achievements as opposed to a list of duties and responsibilities. Candidates should highlight their achievements in performing those roles. These achievements should be specific and important to the company, function or department where they were performed. Contributions to the candidate’s learning and development should be expressed in quantitative, objective terms and should not be couched in the specific internal terminology of the host company.

**Volunteering:** Employers also preferred a record of volunteer work. Again, it needs to be substantial, and any achievements in the role or task should be clearly presented. This type of experience is especially useful in sustainability-related roles or in cases when sustainability literacy or experience in participation in sustainability-related projects or initiatives is presented as a differentiating factor.

**Academic:** Good academic performance remains a criterion to be shortlisted. However, employers can be impressed by candidates that have applied theory to projects and tasks. If a record of such achievements exists, then a description will be helpful.

**Multi- and cross-disciplinary achievements:** Skills built as a result of unique multi-area experiences are desired by employers, as these signify potential for holistic thinking and multi-disciplinary leadership.

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**Personal behaviour:** Employers appreciate that a graduate is keen to work at a company that values sustainability. However, such companies look for evidence that the graduate also incorporates sustainable practices into their own behaviour and in past projects.

**Research:** Employers emphasise that a graduate interviewee should have researched the sustainability-related policies, projects and initiatives of the company and be able to express views and provide details that demonstrate their engagement, interest or even passion for working in the field of sustainability at the company. Candidates that do not exercise their initiative, especially if the information is readily available (which is the case in most companies today), will be seriously disadvantaged. For example, an interviewee at Unilever should have good knowledge of the Unilever Sustainable Living Plan, its major objectives, targets and accomplishments. Expressing their ideas on how they can contribute to the programme and making suggestions for improvements will demonstrate their interest.

**Sustainability literacy:** Knowledge of global happenings and trends in the field, such as the COP21 conference, familiarity with major analytic or reporting frameworks, such as DJSI and NGER, and breakthroughs and milestones in sustainability can differentiate a candidate, giving them a competitive advantage.

**Sustainability’s link with business:** While sustainability literacy can serve as a foundation for demonstrating knowledge, a business graduate should show their understanding of the connections between a sustainability strategy and a business strategy. They should be able to link revenue and profits with various other elements of the business model, such as costs,
supply chains, customer segments, distribution, logistics and partnerships with the environment, CSR and sustainability. Their skills in combining economic, environmental and social benefits and costs can set them apart from other graduates who may have predominantly one-dimensional (economic) skills and attitudes.

**Broad scope:** Graduates should highlight a holistic understanding of sustainability that goes beyond CSR to include aspects of both risk management and future opportunities to develop new products or make cost savings, among other examples.

**Experience:** Practical work experience, such as internships and volunteering, should be highlighted. Any experience related to change management, leading a change agenda, project management and execution of initiatives, especially under conditions of uncertainty, should be described in a way that highlights the achievements and contributions of the experience without an overly detailed description of the specific context.