

Chapter 7

An Evaluation of the State of the CSR Field in Australia: Perspectives from the Banking and Mining Sectors

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ABSTRACT

While Corporate Social Responsibility (CSR) has become established in the managerial lexicon, its meaning and application varies according to geographical and sector contexts. In this chapter, we focus on the application of CSR across the banking and mining sectors in Australia to analyse the ways in which this managerial mechanism, with its theoretical underpinnings of social, environmental and economic balance, has been strategically appropriated and applied. We pose the key questions of how has CSR been implemented in Australia's largest industries and, secondarily, why has CSR not been more effective in transforming business practice in Australia? To demonstrate the alternative purposes to which CSR has been put, we use two case studies drawn from Australia's two most visible industries. The purpose of these case studies is to illustrate the larger conceptual ambiguity or fragmentation endemic to CSR and how this ambiguity affects its application – and therefore effectiveness – across different contexts.

INTRODUCTION

In the same vein that Corporate Social Responsibility (CSR) has become a mainstream global practice (De Bakker, Gronenewegen & Den Hond, 2005; Carroll, 1991; Carson, 1993; Zu, 2009), CSR is an established mechanism in the Australian business landscape with most large organisations engaging in CSR related initiatives. As in most contexts across the world, the concept remains essentially fragmented and applied to divergent purposes, covering such areas as financial performance (Peloza, 2009), implementation (Carroll, 1999; Waddock, 2004), measurement (Wood, 2010) and stakeholder value creation (Peloza & Shang, 2011). CSR has also been used in human contexts such as organisational life, industrial and organisational psychology (Aguinis, 2011) and operations (Hoejmoose, Brammer & Millington, 2011).

The effect of this definitional, and applied, fragmentation of the CSR concept has been a “cherry-picking” approach to its adoption. In this chapter, we suggest that, despite Jin et al.’s (2013) observation that CSR should strengthen “professional ethical thinking and consciousness” (p.17), there is little evidence to suggest that the uptake of CSR initiatives in Australia has led to substantively more ethical business practice or better outcomes for people and planet (Carroll, 1991). In focusing on Australia, it also alerts us to the larger questions of the extent to which CSR has resonance across different socio-economic environments (Zhang & Han, 2008). We further observe that CSR has often become a mechanism for strengthening reputational capital (Du & Vieria, 2012) and a vehicle for masking questionable professional conduct (Banerjee, 2007). Therefore, we pose the key research questions of how has CSR been implemented in Australia’s largest industries and, secondarily, why has CSR not been more effective in transforming business practice in Australia? In order to demonstrate the alternative purposes to which CSR has been put in Australia and the problems associated with its application, we use two case studies drawn from Australia’s two most visible industries - mining and banking. The purpose of these case studies is to illustrate the conceptual ambiguity or fragmentation lent to CSR generally and how this ambiguity has significant consequences for its application. In order to conduct our comparative analysis, we use stakeholder theory (Buchholz & Rosenthal, 2005; Donaldson & Preston 1995; Freeman 1984; Jones & Wicks, 1999) as our conceptual base.

The first case study from the banking sector illustrates the complexities associated with the uptake of CSR as a philanthropic framework (Balmer et al., 2007). The second case study devoted to the mining sector focuses on the use of CSR as a mechanism for narrating apparent organisational commitment to environmental sustainability (Harris & Crane, 2002; Pane-Haden, Oyler, & Humphreys, 2009; Preuss, 2005; Purser et al., 1995). The use of stakeholder theory as a conceptual frame enables us to compare and contrast the methods by which two prominent industries have utilised CSR to better position their organisations, buffer against criticism of their operations and enhance their image among consumers.

In visiting these cases, the aim of the present chapter is to re-visit CSR as a practical framework for the implementation of business ethics (de Burgh-Woodman et al., 2014), asking firstly whether the definitional fragmentation of CSR is hindering its implementation and secondly why this may be occurring. The second aim of the chapter is to look at how major industries in Australia are adopting CSR and what the real outcomes of these initiatives are. Finally, the chapter discusses the theoretical and practical implications of the case study findings. While the dynamics of the case studies emerge from the Australian context, the discussion takes account of broader theoretical and practical implications.

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