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# **The reputation of the corporate social responsibility industry in Australia**

Rachael A. Truscott, Jennifer L. Bartlett, Stephane A. Tywoniak

Queensland University of Technology, Australia

## **Abstract**

Corporate social responsibility (CSR) is increasingly seen as an imperative for sustainable business and there is a growing literature on the effect of CSR on corporate reputation. Despite this, a pall of ambiguity and uncertainty remains around what CSR means and how it should be practiced. This paper offers a unique addition to the body of literature to date by revealing that CSR is an emerging industry in Australia, which is in the process of developing its own reputation as a set of business practices. The paper is based on exploratory qualitative research using a case study methodology. Interviews were conducted with key actors within the industry to investigate shared understandings of what CSR means, perceptions of CSR practice and of the industry as a whole, and who is involved in shaping these perceptions. The research revealed that the CSR industry in Australia is in its early stages of development and is therefore in need of increased internal cooperation if it is to develop a strong reputation.

## 1. Introduction

While the beginnings of modern corporate social responsibility (CSR) can be traced back to the 1920s (Hoffman, 2007), the concept has gained increasing attention over the past two decades (De Bakker et al., 2005; Margolis and Walsh, 2003). Trade liberalisation, technological change, shrinking governments and an increase in corporate power have all paved the way for changing societal expectations regarding the role of business within society (Habisch et al., 2005). The last five years have seen particularly strong triggers for CSR, such as the introduction of the Global Reporting Initiative in 2002 and the United Nations Global Compact in 2000, which propose voluntary reporting guidelines and frameworks for addressing CSR.

While increasing attention is being paid to CSR, it is a phenomenon that is emergent and not yet widely accepted – either in concept or in practice. The CSR literature has been noted as lacking cohesion, definitional consensus and theoretical maturity, resulting in confusion and ambiguity (e.g. Carroll, 1999; Coelho et al., 2003; Godfrey, 2005). It has been postulated that this is partly due to the fact that the meaning of CSR may vary according to different stakeholder perceptions of the construct (Campbell, 2007; Sethi, 1975). Confusion regarding what CSR means is subsequently mirrored in the broadly scattered literature on diverse CSR practices (Matten and Moon, 2004), although a typology has been proposed by Bartlett (2008).

As a result of this confusion and debate over CSR meaning and practice, the development and diffusion of CSR may be restricted (Marquis et al., 2007). Those actors championing CSR may encounter difficulty in getting top management buy-in – an ingredient essential for integrating CSR policies and practices within organisations and ensuring access to resources (e.g. Griffin and Dunn, 2004). Companies looking to address their social responsibilities must negotiate a path amidst differing notions of what CSR means among key stakeholders, as well as identify from an extensive array of practices those that are relevant and contextually appropriate to the firm. For these reasons, this study investigates shared understanding of what CSR means and perceptions of CSR practice, according to actors involved in CSR in Australia. It does so with the purpose of exploring CSR and reputation at an industry level of analysis. In this way, rather than looking at the effect of CSR practices on organisational reputation or performance, as is most common in the literature (e.g. Gardberg and Fombrun, 2006; Greening and Turban, 2000; Harris, 2000; Orlitzky and Benjamin, 2001; Turban and Greening, 1997), this study looks at CSR practices within the context of a developing CSR industry.

Aldrich and Fiol (1994) provide a framework that helps us understand how an industry develops over time. Their framework offers a useful basis for understanding the extent to which the CSR industry has progressed, and identifying strategies for further progression. In the framework, reputation is contingent upon diffusion of knowledge and the level of social acceptance of an industry (p. 649), and only becomes apparent in the third of four stages of industry development. Findings of this study indicate that the CSR industry in Australia is still relatively nascent,

having progressed to only the second stage. As such, these findings provide insight into the possible trajectory of the CSR industry as it begins to develop its own reputation, based on what CSR is perceived to mean, what constitutes legitimate CSR practice, and who is involved in shaping these perceptions. The central research question of this study is therefore, 'What implications does nascent industry development have on the reputation of the CSR industry in Australia?'

Findings from this research will not only aid practitioners in convincing senior management of the growing consensus around CSR and how it is practiced in Australia, but will also provide those involved in CSR with important insights into the state of their industry. This information is particularly salient for producers of CSR products and services given industry reputation affects the reputation of the individual organisations that comprise it (Ravasi and Fombrun, 2004).

## 2. Literature review

Meaning resides as 'ideas or values in the heads of organisational actors' (Scott, 2001, p. 79). Shared meaning becomes increasingly established over time, until it becomes taken-for-granted and governs not only our actions, but also the way we think (Hatch, 2006). It is therefore critical to understand perceptions of what CSR means across a broad range of actors in Australia, in order to critically assess the ways in which it is becoming taken-for-granted within this context and who is determining this.

As previously noted, there is still much debate in the literature regarding what CSR means. A key contribution to this literature was made with Carroll's (1979) 'three dimensional model' of corporate social performance. Central to the contribution of the model was the definition of CSR which delineated four domains of social responsibility: from traditional economic and legal responsibilities to ethical and discretionary responsibilities. These elements, which were later presented in the form of a pyramid (Carroll, 1991), are summarised in Table 1 below. This definition of CSR provides a useful structure for understanding the diversity of responsibilities corporations assume. Furthermore, it appears to have achieved some level of definitional consensus in the literature (Schwartz and Carroll, 2003).

Another concept that has served to improve the level of focus and clarity in the CSR literature is that of the 'triple bottom line' (TBL) (Elkington, 1998), a concept that has been used for both CSR management and reporting practices (Adams and Zutshi, 2004). This definition acknowledges three roles of business in society: economic, social and environmental. It emphasises the inter-dependency between these three areas; neglect of one area will negatively impact upon the other two. This is similar to the argument offered over a decade previously by Mintzberg (1983): there is an inevitable cascading effect of economic decisions into the social arena (and vice versa). As society becomes more aware of this affect it increasingly demands that businesses accept a more holistic responsibility to society, beyond that of profit maximisation.

While meaning governs our actions (or 'practices') (Lawrence and Suddaby, 2006), it is also shaped from the 'bottom up' by those practices (Giddens, 1979; Hoffman, 2001; Sewell, 1992). CSR practice is therefore not only based on shared meaning,

but loops back to influence that meaning. It is therefore also important to understand what constitutes legitimate CSR practice in Australia. Legitimacy can be defined as 'a generalized perception or assumption that the actions of an entity are desirable, proper or appropriate within some socially constructed system of norms, values, beliefs, and definitions' (Suchman, 1995, p. 574). It is an especially important resource in emerging industries, facilitating access to capital, markets, and governmental protection (Aldrich and Fiol, 1994). It can therefore be seen that legitimacy, created through shared meaning and practices, is critical to the growth and survival of a CSR industry in Australia.

CSR practice is rarely explicitly acknowledged in the literature, instead scattered throughout and is often referred to in terms of theoretical approaches (e.g. Adams and Hardwick, 1998; Bruch and Walter, 2005; Garriga and Mele, 2004). CSR practices are diverse and the 'rules' of CSR application are relatively open' (Matten and Moon, 2004, p. 16). Social and environmental reporting practices have proven a popular topic of investigation (e.g. Adams and Zutshi, 2004; Boele and Kemp, 2005; Deegan and Gordon, 1996; Golob and Bartlett, 2007; Gray et al., 1996). Cause-related marketing and sponsorship of social groups, activities and events is another area of CSR practice evident in the literature (e.g. Murray and Montanari, 1986; Varadarajan and Alcorn, 1988). Sponsorship (d'Astous and Bitz, 1995), community consultation (Centre for Corporate Public Affairs, 2001) and corporate-community partnerships (Brown, 2006; Loza and Ogilvie, 2005; Redmond, 2005) are also examples of CSR practices. Recent attention has been given to employee volunteer programs (EVPs) and workplace giving programs (e.g. Zappala, 2004), with researchers investigating their effects on organisational reputation in the labour market (Greening and Turban, 2000; Harris, 2000; Turban and Greening, 1997).

A number of researchers have attempted to refine this broad array of CSR practices into frameworks (Marquis et al., 2007; Matten and Moon, 2004), however their scope remains limited in comparison to Bartlett's (2008) more extended taxonomy of CSR practices (see Table 2). This taxonomy groups CSR practices under the categories of philanthropy, commercial advantage, business legitimacy/sustainability and performance. This framework clearly links back to the two central definitions of CSR this study points to: philanthropic practices links back to the discretionary level, business legitimacy/sustainability practices to the ethical level and performance and commercial advantage practices to the economic level of Carroll's (1991) pyramid; 'performance' practices also link to triple bottom line (Elkington, 1998) through TBL reporting practices. As Bartlett's (2008) taxonomy of CSR practices is the most extended framework developed to date, it was used as a framework for analysis in this study.

Table 1  
Four domains of corporate responsibility.

Domains of responsibility	Description of responsibility
Economic	Generating profit by producing goods and services and effectively managing the business
Legal	Complying with minimum standards of behaviour set in law (which is a system of codified ethics)
Ethical	Acting according to societal norms, standards and expectations in regard to what is seen as moral or just behaviour
Discretionary	Undertaking philanthropic activities that go beyond legal and ethical societal expectations in order to be a good corporate citizen

Source: adapted from Carroll (1979, 1991).

Table 2  
Taxonomy of CSR practices.

Taxonomy of CSR practices	Examples of CSR practices
Philanthropy	Donations Foundations
Commercial advantage	Sponsorship Cause-related marketing
Business legitimacy/sustainability	Employee programs Community engagement and development Political positioning ISO standards
Performance	Triple bottom line reporting Reputation and measurement Internal audit Social audit

Source: Bartlett (2008).

Practices are enacted by actors. The notion of actors is similar to that of stakeholders; 'those who have power and legitimacy, not just a passing interest' (Stuart and Muzellec, 2004, p. 280). Actors are individuals who possess 'agency': 'an actor's ability to have some effect on the social world, altering the rules or the distribution of resources' (Scott, 2001, p. 76). This agency may be manifested in a range of strategies used to influence the industries within which they operate (Aldrich and Fiol, 1994; Lawrence and Suddaby, 2006). Those actors who are particularly influential in implementing these strategies are called 'institutional entrepreneurs' (DiMaggio, 1988; Fligstein, 1997). They play a vital role in increasing industry legitimacy by negotiating a 'collective identity' (Aldrich and Fiol, 1994, p. 645–6) using exceptional persuasive and relational skills (Fligstein, 1997). It is such actors as these who are currently shaping CSR meaning and practice and in doing so, guiding the developmental trajectory of the CSR industry.

The notion of an industry may be defined broadly to encompass a range of 'critical exchange partners' in addition to the core producers of products and services (Scott, 1991, p. 173). DiMaggio and Powell (1983) define this broad notion of an industry (which they refer to as an 'organisational field') as 'those organisations that, in the aggregate, constitute a recognised area of institutional life: key suppliers, resource and product consumers, regulatory agencies and other organisations that produce similar services or products' (DiMaggio and Powell, 1983, p. 148). The terms 'industry' and 'organisational field' are often used interchangeably (e.g. Lounsbury et al., 2003; Powell and DiMaggio, 1991; Vermeulen et al., 2007). In the interests of consistency, this study will use the term 'industry'.

A model for understanding the emergence of new industries is provided in Aldrich and Fiol's (1994) 'implicit' model of new industry development (see Fig. 1). The model charts the development of taken-for-granted knowledge and social acceptance of an industry, by articulating the strategies actors use to develop and sustain the new industry. The first two stages deal primarily with the internal development of the industry. To begin with, the organisational stage relies upon a group of founders who champion the new practice being offered, engendering trust among internal industry constituents. We can assume that this stage has occurred, as knowledge and understanding of CSR meaning and practice exists (as outlined above), even though it remains contested. The second, intra-industry stage involves a broader group of internal industry actors encouraging a shared knowledge base through dominant standards/designs for the new practice. In the CSR industry, this is evident in the emergence of CSR standards, guidelines and

frameworks (Waddock, 2008) which represent new structures to support the CSR industry. In addition, actors must overcome ‘dissension and diversity’ in order to create the collective action needed to enhance industry reliability and hence progress to the next stage. This study primarily investigates the CSR industry with reference to this second stage of industry development. The following two stages of industry development are more outward-focused, addressing the development of external relationships as knowledge and social acceptance are diffused more broadly: the third, inter-industry stage involves actors developing consistent relationships with other industries, which is reliant upon a united industry effort to build industry reputation through third-party industry associations. Hence, reputation is the essential ingredient in this stage. The last institutional stage involves more sophisticated strategies for establishing the industry, through the formalisation of knowledge in educational curricula, and the deliberate search for recognition and resources through collective marketing and lobbying efforts.

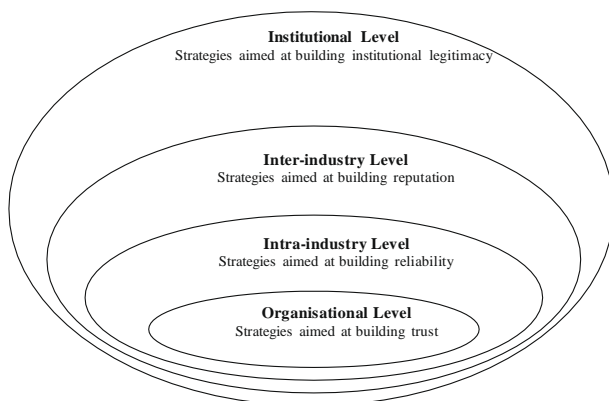


Figure 1. Levels of new industry development.

It is evident throughout Aldrich and Fiol’s (1994) model of new industry development that collective action is the critical ingredient for progression. Achieving this is no small task, as emerging industries are characterised by a state of considerable change and uncertainty as meanings and practices are developed. Thus, the ability for actors involved in CSR in Australia to negotiate a shared understanding of CSR meaning and practice is central to the growth and survival of the field. Disagreement regarding CSR meaning and practice is indicative of the nascent state of industry development (Aldrich and Fiol, 1994; Fligstein, 2001; Lawrence and Suddaby, 2006) and as we have noted, impedes efforts by actors within the industry to foster reliable relationships and hence develop a strong external reputation of the CSR industry.

### 3. Method

Exploratory qualitative research was undertaken into the CSR industry in Australia through a ‘holistic’ (Yin, 1993, p. 39) case study of how an industry might be developing around CSR in Australia. Given research into emerging industries is rare, this can be described as a ‘revelatory case’ (Yin, 2003, p. 42). This case approach supported this study’s investigation into the internally complex and

holistic nature of an industry. Furthermore, there is methodological precedence for using a case study approach to investigate industries (Clegg et al., 2007; Déjean et al., 2004; Lounsbury et al., 2003; Porac et al., 1995; Vermeulen et al., 2007).

The study was designed as a cross-sectional case, in order to provide a discrete snapshot of how CSR is developing into an industry in Australia, 2007. This limits generalisation of findings to other settings and populations, however findings remain significant to CSR in Australia. This study has been embedded within its historical and geographical context through the use of document analysis; primarily government and industry reports released within the last five years. For example, studies conducted by commercial firms (e.g. KPMG, 2006), as well as peak and professional bodies (e.g. Business Council of Australia, 2002) were used to understand the background of CSR in Australia, in 2007. Document review also aided the identification of potential participants. Parliamentary enquiries were particularly useful (e.g. Parliamentary Joint Committee on Corporations and Financial Services, 2006), as were CSR-related reports commissioned by government departments (e.g. Australian Government Department of the Environment and Heritage, 2005). In addition, document review was used as a method of triangulating interview data to increase the reliability of findings. For example, interviews revealed a perception that CSR in Australia lags behind the United Kingdom and Europe. This was further supported by document data indicating that the 'level of interest and commitment' of Australian companies to CSR is lower than other areas of the world, such as the UK (Parliamentary Joint Committee on Corporations and Financial Services, 2006, p. 15).

Interviews provided the primary source of evidence. A purposive sampling strategy (Mason, 2005) was employed to identify a cross-section of participants from a range of CSR industry stakeholder groups. This is because internal perceptions of the CSR industry provide the greatest insight during early stages of industry development (Aldrich and Fiol, 1994). A total of 20 semi-structured interviews were conducted, ranging from 30 to 90 minutes in duration and averaging 60 minutes. Seventeen of the 20 participants (85%) occupied a senior position in their organisation as an executive, senior manager or manager. This reflects data from the document review: a study conducted by the Australian Centre for Corporate Social Responsibility (2007) found that 80% of the 181 CSR managers surveyed held relatively senior positions in their organisations.

Interviews were conducted with participants from CSR consultancies (n = 6), businesses (n = 5), nonprofit organisations (n = 3), government (local and federal) (n = 2), CSR peak bodies (n = 2) and CSR-related research centres (n = 2). The pool of interviewees recruited for this research thus represented a diverse range of industry groups involved in CSR and collectively provided access to rich data about perceptions of CSR in Australia. Geographically, participant selection was from the three largest Australian capital cities of Sydney (n = 11), Brisbane (n = 6) and Melbourne (n = 3). The scope of businesses identified was limited to those involved in the financial services industry as this industry is more involved in CSR than most: it was the one of the first industries in Australia to be publicly challenged about social responsibilities and hence forced to respond to that challenge (Moullakis, 2003).



Miles and Huberman's (1994) framework for qualitative data analysis was employed (p. 12), with data display based on their 'conceptually clustered matrix' (p. 127). Descriptive coding was based on frameworks identified in the literature for: CSR meaning (Carroll, 1991; Elkington, 1998) e.g. social/environmental/financial responsibility and economic/legal/ethical/philanthropic responsibility; practice (Bartlett, 2008) e.g. philanthropic giving, triple bottom line reporting; and industry roles (DiMaggio and Powell, 1983) e.g. producers, consumers, suppliers. However, flexibility was retained in identifying emergent patterns and themes that manifested themselves in the data (for example, actors' perceptions of each other), reflecting the researcher's preference for an 'emergent intuitive' analytical approach (Marshall and Rossman, 1999, p. 150). The aim of the study was neither to build grounded theory nor to test existing theory, but instead apply frameworks identified in the literature to exploring a new research question.

## **4. Results**

### **4.1. CSR in Australia**

Document review revealed that CSR is becoming increasingly significant in Australia. This is reflected in CSR-related studies conducted by commercial firms (Baker and McKenzie, 2007; KPMG, 2006), as well as peak and professional bodies (Business Council of Australia, 2002; Centre for Corporate Public Affairs, 2000; CPA Australia, 2005; Group of 100 Inc., 2003; Volunteering Australia, 2003). A variety of indices have been developed to evaluate the social and environmental performance of companies, notably the St James Ethics Centre's Corporate Responsibility Index (introduced in 2003) and the Reputex socially responsible investment (SRI) Index (introduced in 2005). An Australian CSR Standard (AS 8003–2003) has also been developed. In support of all these developments, industry bodies such as the Australian Institute of Social and Ethical Accountability (AISEA) and Models of Success and Sustainability (MOSS) have emerged.

The governmental response has been the introduction of the Prime Minister's Community Business Partnership (PMCBP) awards, parliamentary enquiries into CSR (Australian Government Corporations and Markets Advisory Committee, 2005; Parliamentary Joint Committee on Corporations and Financial Services, 2006) and related reports commissioned by government departments (Australian Government Department of Family and Community Services, 2005a, 2005b; Australian Government Department of the Environment and Heritage, 2005).

The corporate sector has developed CSR positions, departments and committees (Australian Centre for Corporate Social Responsibility, 2007), while also seeking expert advice on strategy development from CSR consultancy services, evident in the emergence of a range of such services. Informal and formal CSR networking groups have developed (for example, Brisbane's Corporate Community Network) and CSR conferences and events have become a regular occurrence in Australia, reflecting the wide range of actors interested in its development.

### **4.2. CSR actors**

Results of the research confirmed the existence of industry roles. While some actors represented organisations that produced CSR products and services, others employed these products and services to assist in executing CSR practices, and still others provided inputs into this process. (These relationships are summarised in Fig. 2.) For example, one participant who primarily classified as a producer stated,

‘We help companies understand their own environmental foot-print, establish an internal group to deal with CSR, conduct internal audits, establish corporate-community partnerships... We’re a bit of a prompt on the side. We’re a resource... The contracting model [for using CSR services] is one that many large organisations are now familiar with’ (CSR consultant).

There was also ample evidence of overlapping industry roles. For example, while the dominant producers worked in niche CSR consultancies, discussions with actors from other categories revealed that peak bodies – and to a lesser extent, nonprofit organisations, research centres and even businesses – also offered CSR products and services. The main consumers of CSR products and services were businesses and government, however there were early signs that the nonprofit sector may also draw upon CSR products and services in order to participate in triple bottom line reporting practices. Thus, the blurring of boundaries between organisations operating within the CSR industry has resulted in confusion regarding organisational forms and roles. This is reflective of the early stage of development currently characteristic of the CSR industry in Australia.

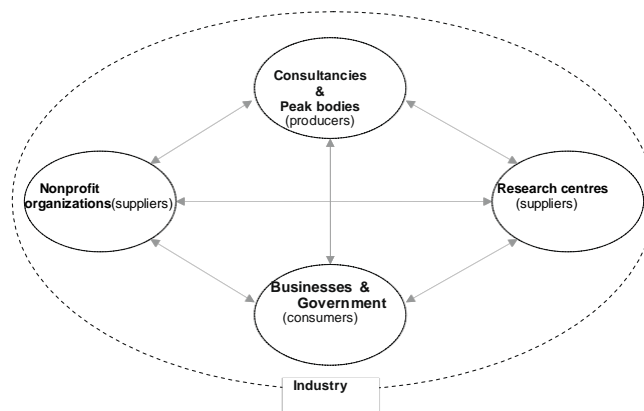


Figure 2. Actors grouped by industry roles.

Out of the six categories of participants interviewed, three categories attracted clear views. Firstly, the Howard government was perceived as a follower rather than a leader in CSR. An exemplary quote was as follows:

‘If you want to know the biggest problem in this country regarding... corporate responsibility, it’s the Australian government. They’ve been massively unreactive... There should have been CSR initiatives and forums happening a long time ago on this issue... They’ve been highly resistant in creating support networks for corporate responsibility to

flourish' (CSR manager).

Secondly, CSR consultancies were viewed with caution due to concern regarding their motives for operation. An example of such a view was as follows:

'I sometimes think [CSR consultancies'] focus is a bit commercial... I think a number of those intermediaries... those consultancies, are doing it purely for their own gain. I don't think they're working for a more equitable and fairer society' (CSR manager).

Finally, there was distrust of corporate engagement with CSR. For example:

'People are a bit cynical at the moment. I think they're trying to separate the greenwash from the reality. There are a lot of companies jumping on the bandwagon... There's still a lot of confusion out there' (CSR manager).

On this intra-industry level, there was also concern about the integrity of industry actors, which was seen to have an influence on the reputation of the rest of the industry. For example:

'It's depressing to see what's happening, the amount of consultants that aren't doing good work, the people operating in the space who don't have integrity. Training and experience,... expertise in just the niche that we have worked or studied in... That gives us integrity, but it also gives the space integrity' (CSR consultant).

Some participants expressed a need for actors within the industry to improve collaboration. For example:

'I'm very frustrated by the lack of collaboration in Australia and the fragmentation of service delivery and the competitiveness of people... I do think we could make much more progress... if we left our egos behind more often and would share more of the information and go out and be more open about the process' (CSR consultant).

It was further evident that there were three main types of strategies employed by actors to influence the CSR industry: promoting collective action, articulating the meaning of CSR and producing CSR products and services. There were a variety of activities undertaken by actors pursuing these strategies. These are presented in [Table 3](#). They provide evidence of how the developmental trajectory of the CSR industry is being shaped by actors in Australia.

Table 3  
Strategies and related activities designed to influence the CSR space.

Strategy	Example of related activities
Promote collective action	Creating a peak body Starting a membership-based group Holding conferences Holding workshops Formal networking groups Informal networking groups
Articulate meaning of CSR	Developing websites Publishing materials (through practitioner publications and academic journals) Educating/teaching Speaking at events and business meetings
Create and advise on CSR products and service	Developing methodologies Developing frameworks

Whilst the data did not enable a detailed profile of strategies at the level of industry groups, it was evident that participants across the CSR industry adopted a variety of strategies, with some more active in this respect than others. For example, a government representative had established multiple formal CSR networks and could therefore be seen to be promoting collective action. One CSR consultant was active in pursuing all three strategies, having co-founded a peak body, run workshops, written academic publications and developed a methodology for analysing CSR performance.

Overall, participants recognised that CSR is an emerging, new industry in Australia. To date, the CSR industry has had limited structures within which to help it organise its activities, however there is evidence of early developments in this area. This was reflected in the following statement:

‘There are a few informal networks but the thing is there’s no real, proper industry association for CSR... There have been a couple of people who have tried to start one... but they all seem to have some consultant or somebody behind them that makes me feel like they’re not a fully independent industry consultant’ (CSR manager).

### 4.3. Shared understandings of CSR

Most actors understood CSR in terms of [Elkington’s \(1998\)](#) triple bottom line – social, environmental and economic corporate responsibilities, however environmental responsibilities were perceived to be dominating social responsibilities in Australia. This is reflected in the following comment:

‘I think the environmental agenda has really come into the light now because of climate change- and water, for Australia... and as environmental issues become amplified by the media’ (Non-profit representative).

Participants’ understanding of what CSR means was also analysed against

Carroll's (1979) four domains of corporate responsibility: economic; legal; ethical; and philanthropic. The philanthropic role of business in society was a point of particular contention, with up to half of the participants denying that it was part of CSR at all. One participant commented:

'I think for a lot of people philanthropy was the visible part of corporate social responsibility. I think that 10 or 15 years ago [philanthropy] was what people would have equated with corporate social responsibility... I don't think that's how people see CSR now' (Academic representative).

In summary, actors' understandings of CSR are shared only in part. All elements of the triple bottom line were recognised, however the environmental element was seen to be particularly dominant at this point in time. Also, actors shared the view that CSR involves economic, legal and ethical roles of the business in society, however not everyone agreed that this included philanthropy.

#### 4.4. CSR practice

Practices were analysed using Bartlett's (2008) taxonomy of CSR practices. Participants recognised the most dominant types of CSR practice as business sustainability/legitimacy practices, most notably corporate community partnerships and employee volunteering programs. This was followed by philanthropic practices, performance practices (overwhelmingly referred to by participants as 'triple bottom line reporting') and finally practices relating to commercial advantage. (For a summary of the practices mentioned, refer to [Appendix 1](#)).

The majority of participants endorsed most practices, however not all practices were perceived to be legitimate. Their effectiveness, and the motivations behind them, was at times seen to be superficial and ineffective. For example, in relation to governance practices one participant commented:

'The ASX corporate governance guidelines... people do it because they have to tick the box but there's no deep value-adding discussion at board level... [They say] "We've got to have this board committee, well [expletive], we better set one up". They're just going through the motions and it's not helpful' (CSR manager).

It was clear in discussions with most actors within the industry that significant differences of opinion exist in not only what CSR means, but also how it is practiced. For example,

'Corporate social responsibility is an often confused and very differently perceived form depending on who you are and what you do... there's workplace giving... and reputation... and part of it is, it seems, still quite token... greenwashing' (Nonprofit representative).

In summary, it was evident that the emerging nature of the CSR industry in Australia, including the process of developing consensus around how it should be practiced, may be hindering the development of the industry's reliability and reputation.

## 5. Discussion

Findings demonstrate that there are a diverse range of actors involved in CSR in Australia. There is evidence to suggest that together, these actors constitute DiMaggio and Powell's (1983) definition of an industry, as they could be grouped into the industry roles of producers, suppliers, consumers and organisations seeking to influence these groups. Participants recognised other actors within the CSR space and shared (to varying degrees) an understanding of CSR meaning and practice. This indicates that CSR is in the process of becoming a 'recognised area of institutional life' (DiMaggio and Powell, 1983, p. 148) in Australia; that is, an industry is emerging.

Results of this study are significant in their ability to explicitly demonstrate the influence of a variety of actors on the negotiation of what CSR means in Australia. Those who communicate the concept of CSR are, in effect, acting as marketers for the CSR 'product'. This can take the form of the government stipulating the criteria for best practice in its PMCBP awards, consultancies advising on CSR strategy to corporate clients, research centres publishing articles on CSR, and third sector pressure groups competing for influence through submissions to parliamentary inquiries. Thus, this study addresses the 'intentional... directive, and conflict-laden processes that define industries and set them upon trajectories that eventually appear as "natural" developments' (DiMaggio and Powell, 1983, p. 268).

Beyond a broad consensus about the importance of CSR across all informants, the emerging nature of the CSR industry is evidenced by ongoing concerns regarding the meaning and practice of CSR. In particular, there is a concern that CSR is not a genuine attempt by organisations to address their social and environmental impacts, but rather 'greenwash' – token efforts which lack substance and are designed to generate favourable publicity. This is also evident in the CSR literature (Coelho et al., 2003) and gives credence to claims that the 'rules of CSR application are relatively "open"' (Matten and Moon, 2004, p. 16). This has the potential to negatively impact upon the reputation of the CSR industry and those organisations operating within it.

A point of particular interest was the tension that exists between the purposes of CSR (which emphasise the nonfinancial motivations for doing business) and the clearly financially-oriented activities involved in the production and consumption of CSR products and services. This was revealed in actors' concerns regarding the 'commercial' motivations of industry producers. This finding indicates that heightened expectations of businesses within the CSR industry constitute a particular challenge to those businesses. Furthermore, it reveals that the study of CSR as an industry constitutes a particularly interesting case study of the relationships between actors, shared understanding and practice. Unless producers of CSR products and services are themselves perceived to be socially responsible and having 'integrity', their financial motivations may taint the reputation of the CSR practices they promote. This could potentially expose them to criticism, undermining the reputation of the CSR industry and those organisations that comprise it.

The strategies employed by CSR actors all reflect attempts to promote collective action and agreement within the industry. This is the critical ingredient for developing industry reliability in the second, intra-industry stage of development (Aldrich and Fiol, 1994). In addition, actors need to engage in strategies designed to increase industry cooperation. One way in which cooperation can be increased is through the rallying efforts of industry bodies which represent the industry to external constituents (Aldrich and Fiol, 1994). The early development of such industry bodies in the CSR industry in Australia suggests that understanding and acceptance of CSR may improve if these bodies can develop industry support. Such bodies may also encourage convergence around dominant CSR standards. Standards such as the Global Reporting Indicators and Australian Corporate Responsibility Index were particularly well recognised by industry actors when discussing performance-oriented CSR practices.

Actors' recognition of CSR practices (see Appendix 1) favoured legitimacy/sustainability practices. Indeed, 17 of these types of practices were mentioned, compared to 5 types of philanthropic practices. Collective agreement around CSR practices increases the adoption of those practices (Marquis et al., 2007). Hence, the adoption of practices relating to business sustainability/legitimacy is likely to occur in the future. This also indicates that CSR practice has evolved beyond just philanthropic giving to embrace a range of other practices, perhaps signifying changing perceptions of what CSR means.

## **6. Conclusions and future research**

This study complements extensive practitioner interest with academic research. It contributes to the CSR literature by employing a theoretical approach and level of analysis underutilised to this date. By answering the proposed research question, this paper views the relationship between CSR and reputation in a new light: not only do corporations have reputations to uphold, but so does the CSR industry itself.

Ultimately, this study reveals the emergence of a new industry around CSR in Australia. In doing so, it offers a way to understand and value the role of debate and discussion regarding CSR, which up until now has been a point of criticism in the literature. However, due to the early developmental stage of the CSR industry, CSR actors must engage in further intra-industry collaboration, communicate more clearly and persuasively about CSR (for example, through peak bodies and recognised standards) and demonstrate their own integrity and the CSR credentials of their organisations. If actors do not achieve this, further development of the CSR industry may be in danger, particularly the development of industry reputation, which is the key ingredient to the next stage of industry evolution.

This study has uncovered broad consensus regarding what CSR means and which associated practices are seen to be most legitimate in Australia, however there is much room for improvement in this area. Key industry actors will need to engineer consensus and champion collective action in order to ensure the continued growth and survival of the industry. Having said this, findings of this research may assist practitioners to ascertain which CSR practices are most contextually appropriate to

their firm, resulting in a more effective use of resources and a move toward more firmly establishing the industry. Results may also be used by practitioners to encourage corporate commitment to CSR policies and practices.

Future research directions include further research into CSR practices: where they have come from and how they are likely to affect industry reputation. The effect of the CSR industry on those organisations within it may reveal interesting new insights into the reputational impacts of an industry on constituent organisations. The effects of institutional environments on the CSR industry in Australia and the role of institutional entrepreneurs in the future development of the CSR industry also offer avenues for investigation. In particular, a longitudinal study tracking the development of the CSR industry would greatly benefit this field of research.

### Appendix 1

#### CSR practices employed in Australia

Type of CSR practice	Examples of CSR practices
Legitimacy/ sustainability	Employee volunteering programs (team/ individual) Employee training programs – whistle- blowing, ethics, sustainability, mentoring Internal and external communication/ advocacy of CSR programs Reward program (company share allocation, cheaper cars, free banking) Occupational health and safety Childcare facilities Corporate community partnerships Pro-bono services Political positioning ISO standards Research on CSR/sustainability Supply chain integrity (e.g. labour practices, environmental practices) Governance/decision-making (whistleblower policies, CSR/ethics committees, socially responsible investment) Environmental stewardship e.g. recycling Environmentally-friendly buildings Product greening
Philanthropic	Cash donations In-kind donations (inc. mentoring) Payroll giving Matched giving Foundations
Performance	Triple bottom line reporting Reputation and measurement Internal audit Social audit/assurance
Commercial advantage	Sponsorship Cause-related marketing

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