

# Local Experiences with Corporate Social Responsibility: A Socio-Ecological Perspective

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#### INTRODUCTION

Concepts such as corporate social responsibility (CSR) along with others such as corporate governance and sustainability have long been hailed, at times uncritically, as potential answers to the ethical dilemmas faced by business entities (World Business Council for Sustainable Development 2000; Berman and Webb 2003; Kemp, Parto, and Gibson 2005; Costantinos 2006). Despite the wide-spread adoption of this new vocabulary, the business realm remains in the spotlight for immoral business conduct, environmental wrong-doing and social irresponsibility (Sarre, Doig, and Fiedler 2001; Cohan 2002; Zalewski 2003), and terms such as 'corporate social responsibility' and 'business ethics' continue to be seen as paradoxical and oxymoronic (Marsden 2000; Frankental 2001; McKenna and Tsahuridu 2001). Indeed, efforts by companies to improve their social and environmental management performance even strike some commentators as the corporate hijacking of social and environmental agendas (Welford 1997; Beder 2000; Øyvind 2006) and as attemtps to ensure the continued health of global capitalism (Mah 2004).

Notwithstanding, CSR today is portrayed as a widely accepted notion within the business literature, the buzzword of the new millennium (Blyth 2005; Pedersen 2006) and indeed, the panacea for all social and environmental wrongs (van Marrewijk 2003). An expanding and increasingly coherent body of literature emphasises the direct and indirect economic benefits that can result from the recognition of social and economic interdependencies (McWilliams and Siegel 2001; Vershoor 2001; Brammer and Pavelin 2004; Sparkes and Cowton 2004; Orltizky 2005) and the possible synergies of contributing positively to social cohesion and community wellbeing (Burke and Logsdon 1996; Windsor 2001; Hopkins 2003). In fact, there is a sense that too much time has been spent dwelling on the tensions between the interests of business and society and that a fresh focus on business opportunities is needed (Porter and Kramer 2006). At the same time, there has been a substantial increase in investment in CSR activities across OECD countries (Paton and Siegel 2005), and it seems as if the message that 'ethics pays' (Roberts 2003) has started to resonate with the business sector.

In spite of the newly found interest in responsible business conduct, there continue to be limitations to both CSR theory and practice. In this context, it is the aim of this paper to offer a socio-ecological insight into some of what Blowfield (2005) describes as the 'failings' of the dominant strand of CSR, illustrated by a Western Australian case study, which details a long-running industry-community dispute in the state's South-West. The stories of local residents are used to describe the stark differences between 'local' and 'corporate' understandings of good CSR practice and to highlight the problematique of balancing corporate, economic goals with social expectations at the community level. Two of the so-called failings of CSR addressed in the case study relate to the problems associated with the economic capture of social issues and the question of CSR effectiveness in terms of whose ends CSR meets and by whom CSR effectiveness is determined.

Firstly, dominant capitalist strands of the CSR literature are underpinned by a reductionist, rationalist ideology (Korhonen 2002; Amaeshi and Adi 2007), premised on an assumed compatibility between companies' profit motive and broader social and environmental imperatives. Paradoxically, the instrumental nature of this conception of CSR serves to legitimate a corporate status quo, which arguably gave rise to the CSR debate in the first place. It is suggested here that the uncritical and non-reflexive adoption of the CSR rhetoric is likely to fuel a legitimacy crisis for companies. This is because a narrow, self-serving CSR agenda focuses inherently on company gain and thus risks overriding, or militating against, concerns and aspirations that matter locally.

Secondly, the issue of gauging CSR effectiveness is addressed based on questions surrounding the judgement of CSR performance (Ryan 2003), the legitimacy of CSR stakeholders (O'Rourke 2003) and social acceptability of CSR practices (Mikkilä 2003; Gunningham, Kagan, and Thornton 2004). Critical in this regard, is the issue of power and the way in which CSR serves the interests of powerful actors in business-society relationships (Blowfield 2005). This also relates to the measurement of CSR effectiveness, which not only begs refinement but also rarely involves affected minorities at the 'receiving end of CSR'. These are the communities that live under corporatised skies who arguably have the highest

moral claim (Gibson 2000) within the CSR debate and perhaps a more suitable vantage point from which to judge CSR effectiveness. Yet, a blinkered and selective approach to CSR can strategically exclude local voices and dissenting rationalities (Pater and van Lierop 2006), bringing into question the social acceptability of the CSR enterprise. In other words, new approaches may be needed in the areas of stakeholder conceptualisation and management and the way in which and by whom CSR obligations are defined and their fulfilment is gauged.

For the purposes of this paper, in what follows a brief overview and critique of dominant CSR theory is provided. Subsequent sections will then introduce the socio-ecological perspective and the case study this paper is based on. I will conclude with a critical discussion on the perceived shortcomings within CSR theory and practice. While I do not offer a raft of solutions to the problems identified in the CSR field, the attempt is made here to shed light on matters, which – if left unaddressed – can serve to undermine the CSR agenda. I also point to areas which deserve greater attention within CSR research so as to improve the meaningfulness and effectiveness of CSR from a community perspective.

#### A BRIEF REVIEW AND CRITIQUE OF DOMINANT CSR THEORY

Since the dawn of modern CSR (Bowen 1953; Drucker 1954), there has been much effort to map the field and demarcate its territory (Carroll 1977, 1999; van Marrewijk 2003; Garriga and Melé 2004). Nonetheless, until today the concept has remained vague, its meaning contested, and a coherent, unifying CSR theory as such is yet to be developed (Wood 1991; Windsor 2001; Garriga and Melé 2004; Amaeshi and Adi 2007). While no attempt is made here to postulate an admittedly much needed unifying framework, this paper seeks to underpin empirically some of the concerns raised within the CSR debate and to contribute by way of highlighting areas in need of further attention. For this purpose, some of the controversial, yet widely accepted, key tenets within the dominant strand of CSR theory will be focused on.

In justifying this approach, CSR was initially ridiculed as a joke by the investment and business community in the 1970s, whereas today it is almost universally endorsed across all spheres of society (Lydenberg 2005). This change in sentiment can be explained in light of the growing need to harmonise the increasingly visible tensions between companies and their changing political and social contexts. Dominant CSR theory has been able to respond to these challenges, articulating a business case for CSR which proved instrumental, even indispensible, for the widespread adoption of CSR observable within companies today. The limitations and narrow framing of the business case, however, also set limits to CSR practice which this paper critiques.

The capitalist brand of CSR theory currently dominates the CSR field (Korhonen 2002; Amaeshi and Adi 2007) due to its neo-utilitarian nature and strong connections to neoclassical economic theory (Blowfield 2005), today's dominant social paradigm (Schafer 1994; Lazear 2000; Korhonen 2002). While early interest in CSR was rooted in critiques of orthodox economics (e.g. Clark 1916), the capitalist CSR concept is married with the corporate profit motive as advocated by the neoclassical school, which sees business' key social welfare contribution in its ability to maximise shareholder value (Friedman 1970). Although the hard-nosed shareholder based approach postulated in the 1970s has since lost its stronghold in the debate in light of changed expectations on company conduct (Idowu and Towler 2004), the 'leitmotif of wealth creation' has remained the cornerstone of dominant CSR discourses (Windsor 2001).

Unsurprisingly, the language of wealth creation gels with managerial thought (Amaeshi and Adi 2007) for it seemingly overcomes the separation of corporate self-interest and social responsibility as even socio-economic objectives can be turned into economic concerns under the banner of 'enlightened value maximisation' (Jensen 2002). The concept's underlying economic rationality provides the business case for CSR, which has strongly been advocated in recent years by institutions such as the World Business Council for Sustainable Development (2000) and the World Bank (Berman and Webb 2003) in attempts to maximise company buy-in and to mainstream CSR practices (Lee 2008). These efforts are supported

also by research that links good company conduct to various direct and indirect benefits such as:

- improved financial performance (e.g., Hopkins 2003; Sparkes and Cowton 2004; Kotler and Lee 2005; Orltizky 2005);
- maintenance of the social license to operate (Lewis 2003);
- improved staff morale and staff retention (Turban and Greening 1997; Hillman and Keim 2001);
- avoidance of regulation (Gunningham, Kagan, and Thornton 2004);
- reputation enhancement (Fombrun and Shanley 1990; Middlemiss 2003); and
- improved competitive advantage (Porter and Kramer 2006).

To this day, however, some of these links have remained tenuous, and more research is needed to substantiate claims of causality (Griffin and Mahon 1997; Griffin 2000; McWilliams and Siegel 2001; Margolis and Walsh 2003; Orlitzky, Schmidt, and Rynes 2003).

The business case rests on the interdependencies that are said to exist between business and society. The idea of social responsibility is derived from the recognition that a business enterprise is attached to an extended social system on which it is partly dependent. Consequently, certain responsibilities arise from this attachment (Hoque 1985) but also opportunities. Successful companies are deemed to be dependent on healthy and robust societies, and thus the pursuit of profit at all cost is regarded as ultimately unsustainable (Porter and Kramer 2006). At the same time, it is argued that a healthy society needs successful companies for the creation of jobs, wealth and the improvement of standards of living and social conditions. This mutual dependence between business and society gives rise to the principle of shared value (Porter and Kramer 2006), which translates community wellbeing into companies' long-term interest and thus helps overcome entrenched perceptions of an incompatibility between economic and social goals. It is now argued widely that both objectives, today extended also to include environmental responsibilities (Starik 1995; Birch 2003), should be integrated into a single framework of total social responsibility of business (Lee 2008), lifting CSR into the realm of strategic decision-making.

Strategic CSR is said to move companies beyond mere legal compliance, instead creating and renewing competitive advantage (Miles and Covin 2000; Munilla and Miles 2005; Porter and Kramer 2006). The strategic integration of CSR into company activities is believed to foster advantages of social engagement as resources are spent not only to benefit society but also to lead to advantages for business (Lee 2008). CSR, in this regard, is construed as the strategic pursuit of linking a firm's capabilities with the opportunities its social environment presents (Collis and Montgomery 1995) and of identifying those opportunities that make a real difference to society and help build competitive advantage (Porter and Kramer 2006).

The section above demonstrates that dominant CSR theory has been able to shake its image of being a 'subversive doctrine' that threatens the very foundation of free enterprise (Friedman 1962 cited in Lee 2008) and to evolve into what Wallich and McGowan (1970) call a 'new rationale' that reconciles social responsibility with shareholder interests. However, it is suggested here that the self-interested pursuit, and strategic selection of social or environmental problems is inherently limited and itself does not present a departure from the 'Friedmanite' position (after Galbreath 2006) in light of its contractarian overtones.

In expounding, dominant CSR theory effectively seeks to balance what Banerjee (2006) calls the efficiency-legitimacy dichotomy. This dichotomy bespeaks the corporate<sup>1</sup> situation of being legally obliged to engage in rent-seeking behaviour whilst needing to maintain a social license to operate by way of demonstrating 'civic virtue' (Regan 1998). In response to growing public scrutiny of, and expectations on corporate conduct, CSR allows for business-as-usual but with a social twist. Irrespective of whether CSR is placed on a stakeholder,

<sup>&</sup>lt;sup>1</sup> Implicated here are corporations in countries such as Australia and the USA where shareholder interests are given first priority (Francis, 1997 cited in Madsen and Ulhøi 2001; Farrar 2008). In Australia, the Corporations Act (2001) compels directors to have regard for the interests of stakeholders other than shareholders. Yet, the extent to which this fosters corporate practice beyond strategic, relational CSR is contentious.

shareholder or strategic footing, corporate ends remain unchanged. CSR beyond the business case thus continues to strike as illusory for it remains irreconcilable with company interests and legal obligations where the interests of business do not merge with the interests of society (Newell 2001). While altruistic or humanitarian orientations of CSR call for corporate contributions to social welfare beyond arguments of economic efficiency (Carroll 1991; Kok et al. 2001), these calls are dismissed frequently for they are considered to fall outside the 'firm's proper scope of activities' (Lantos 2001: 605). Arguably there lies the crux of CSR, however, this being the protection of social interests, which economic orthodoxy does not cater for and laws at times fail to protect. These interests seem to remain outside the corporate mindset, which essentially is an economic mindset that CSR attempts to 'socialise' (after Banerjee 2006), but without challenging its fundamental values (Blowfield 2005).

The economic rationality that dominates the CSR field also tends to dominate frequently over other rationalities in public debates (Handmer, Dovers, and Norton 2001) based on asserted scientific objectivity and truth and the denial of any influence of bias (Nevile 1997; van Bavel and Gaskell 2004). Its purported apoliticality and neutrality means that values and assumptions remain hidden (Hamilton 1996; Meppem and Gill 1998), building a façade of objectivity whilst discrediting and rejecting dissenting viewpoints. Within the CSR field this arguably has led to the legitimising of exclusive ways of thinking about CSR and the prevention of a critical debate (Blowfield 2005).

The economic mindset stands accused of being ontologically and epistemologically closed in the face of great complexity and socio-ecological messes (Dryzek 1996; Hamilton 2002; Özel 2002; Fergus and Rowney 2005). The implications of this boundedness are that an economically underpinned CSR theory risks being ill-equipped to address the very social and environmental dilemmas it is meant to solve. These problems and dilemmas are not only complex but also trans-scientific in nature (Kinzig 2001; Ludwig 2001), requiring collective learning approaches (Stacey 1993) and integrative solutions based on holistic understanding and decision-making (Mitroff 1998). Yet, economic reductionism lends itself poorly to a complete understanding and appreciation of the CSR problematique. An openness is required to dissent and viewpoints which run counter to the business case or may fail to present the business opportunity that strategic CSR seeks to exploit. Arguably, only then business-society tensions can be addressed meaningfully.

With regards to the measurement of CSR effectiveness, which has remained chiefly part of the managerial domain (Mikkilä 2003), it stands to reason that the same degree of openness needs to be applied. This means that stakeholder-informed performance appraisals are required without the risk of economic capture for it to be possible to qualify and indeed challenge in-house assumptions about the nature and virtues of CSR practice and to help foster what Pater and van Lierop (2006) call 'shared sensemaking' of CSR issues. This way, systemic blind spots can be identified and critical reflection can occur. In contrast, a closed, blinkered or selective approach to the management of companies' social environments will only serve to maintain the status-quo. Herein arguably lies the challenge for CSR theory, needing to provide guidance for the corporate navigation through the messy terrain of the socio-ecological wilderness as only then CSR is likely to make needed connections with the world beyond the boundaries of cost-benefit analysis. An open and reflective CSR can help companies deal with the issues that fall into the discretionary grey area of ethical CSR (Carroll 1991; Lantos 2001) which have fuelled the CSR debate for many years. The case study will show why calls for more discussion on these shades of grey are justified and necessary.

#### THE SOCIO-ECOLOGICAL PERSPECTIVE

Social ecology, the analytical lens adopted for the purposes of this paper, represents a branch of open systems theory (Emery and Trist 1973; Trist 1977; Emery 1997b), which is akin to, yet distinct from the Bookchin tradition. In general terms, systems theory serves as a conceptual foundation for the practice of systems thinking, providing a coherent set of explanations of how systems (e.g. organisations, governments, society) operate (Ackoff 1991). It is a soft systems approach, which emphasises the interconnectedness within as well as between systems and their environment (Emery and Purser 1996). This approach focuses on how systems regulate themselves and manage change within changing

environments. System change is seen as a condition for system survival to which environmental learning is deemed essential (Churchman 1971) for it leads to a learning-based resilience.

The term environment is understood as extended social fields, which affect the behaviour of all systems within it. These social fields are ascribed a causal texture, which represents the complex dynamic nature of the environment (Emery & Trist, 1965). The relationship between a system and its environment can be described as an interplay between system autonomy and system integration with the environment (Angyal 1941/1981, 1965). A requisite balance between autonomy and integration is required as life occurs between systems and their environment (Emery 1997b), highlighting the need for human systems to be both inward as well as outward looking and to adapt to change within and outside.

Human system-environment relations are complex, compounded by the non-linear or nonprobabilistic, and at times even chaotic, behaviour of human systems. Human behaviour is difficult to predict and thus difficult to manage within environments of high connectivity and high rates of change. Human systems respond to certain environmental textures, albeit at times inappropriately (Crombie 1997; Emery 1997a) which can lead to unintended consequences (Cavaleri and Obloj 1993). Inappropriate system responses are often the result of mental models employed within a system, which if widely shared can lead to systemic blind spots, potentially rendering a system ineffective for dealing with environmental changes (Emery and Trist 1965; Emery 1997b; Trist, Emery, and Murray 1997).

As a means of overcoming maladaptive system responses, social ecology promotes synthetic, ecological learning. Ecological learning applies to human behaviour and the environment and relates back to the earlier cited need to look inward and outward so as to create a capacity for the active adaptation of changing systems within changing environments. This means that amidst changing socio-political contexts, companies need to actively adapt to environmental changes as a means of remaining relevant, socially acceptable as well as competitive. Underlying this approach is the world hypothesis of contextualism (see Pepper 1942) which, in contrast to static worldviews (e.g. economic rationality), assumes a whole changing over time within a changing context of the whole (Emery 1995, 1997b). As suggested earlier, hard-nosed economic rationalism is increasingly found to be ill-suited for dealing with the socio-ecological complexities of today (Eckersley 2001; Dovers 2002; Fergus and Rowney 2005). In this context, ecological learning helps companies actively adapt to, and predict environmental changes and can thus be regarded as pivotal for future company success and survival.

Social ecology, which finds application in research areas such as organisational change and community studies as well as policy analysis and natural resource management (Selsky and Memon 1995; Emery and Purser 1996; Selsky and Creahan 1996; Selsky and Memon 1997; Selsky 1999; Selsky and Memon 2000; Brueckner 2004), is a suitable lens through which to explore and analyse CSR theory and practice. This is because the underlying contextualism lends itself to the understanding of company-society relations. The focus on whole-system behaviour (Selsky and Memon 1995) enables the examination of the behaviour of, and dynamics between, different conflict stakeholder groups (Selsky 1999) and helps foreground the voices and values of less dominant actors (Selsky and Memon 1997). As a result, the contextual richness of complex multi-stakeholder problems can be unearthed and a more holistic understanding can be gained of messy conflicts and their underlying drivers.

This open systems approach when applied to the case study below will make apparent that a 'corporate closedness' not only hinders learning about and adaptation to environmental change but also aggravates rates of environmental change. It will be shown that inappropriate company responses to community disquiet fractured industry-community relations and, more importantly, rendered an organisation incapable of undoing damage and repairing trust in its host community despite a stated commitment to good CSR practice. Not only was trust being lost, industry-community relations also continued to deteriorate.

#### CASE STUDY: THE YARLOOP EXPERIENCE

The small town of Yarloop is located approximately 125 km south of Perth, WA's state capital (see Figure 1). Since white settlement in Yarloop in 1849 the town gained in regional significance due to agriculture as well as timber and steam engine production. Over the years, as traditional industries started to wane, metropolitan 'lifestylers' moved to the area, seeking the peace and tranquillity of rural living and taking advantage of Yarloop's geographic location nestled between the Indian Ocean and native forest. In the mid 1990s Yarloop had a population of approximately 620 residents who compared to the regional average enjoyed high levels of household income and high levels of home ownership (Australian Bureau of Statistics 1996a, b). As the case study data will show, back then Yarloop residents had a strong sense of place and community cohesion. Yarloop was seen by residents as a 'piece of paradise'.

Today, Yarloop is described by long-term local residents as 'a depressing place', and media coverage speaks of living 'at death's door' (Bruce 2008), painting a picture of a town in decline. Over the last ten years, Yarloop has lost most of its local businesses, including two petrol stations and its hospital. Local statistics show a drop in the region's population and a shift from private home ownership to rental accommodation (Australian Bureau of Statistics 1996b, 2002, 2006). Overall, around 80 per cent of residents who were living in Yarloop in 1997 are believed to have moved away, signalling dramatic social changes in the town. Many long-term residents, who were being interviewed during the research underlying this paper, attribute this change to the presence of Alcoa's Wagerup alumina refinery, which is located just north of the town's boundary.



Figure 1: Locality of Yarloop in Western Australia Sources: Google (2007), Shire of Harvey (2007), Hopper (1992), Beard (1982)

Alcoa is one of the world's largest producers of aluminium. The US based company oversees operations in over 43 countries, employing close to 130 000 people globally. In Australia, the company is trading under the name of Alcoa World Alumina, where it operates two smelters in Victoria, rolled products operations in Victoria and New South Wales as well as three alumina refineries and two bauxite mines in Western Australia. In WA, Alcoa's workforce of about 4000 people produces around 7 million tons of alumina each year, accounting for 13 per cent of total world demand and resulting in export earnings of around A\$2.8 billion (Alcoa 2006a, 2007a).

Alcoa prides itself as a significant contributor to the WA economy and sees itself as being axiomatic for sustainable development in the region (Alcoa 2005b, d, a). The company also claims to be a socially minded and environmentally responsible business (Alcoa 2005a, 2007b), and its achievements in these areas are recognised both nationally and internationally (Reputex 2003; Australian Mining 2007; Innovest Strategic Value Advisors 2008). The company promotes itself as a leader in the field of CSR, claiming to operate in an open and honest way and being accountable to its host communities (Benson 2008).

As will be shown, the company refutes claims of adversely impacting on the health and wellbeing of local residents, pointing to a wealth of scientific studies which have shown no toxicological link between residents' health complaints and the company's operations. Alcoa considers the health and safety of its staff and local communities in which it operates a top priority and as integral to its business (Alcoa 2008a).

#### **BRIEF HISTORY**

While the history of the Wagerup conflict is long and complex, this section sketches some of the key events to situate the case study. Alcoa began operations on its present site at Wagerup in 1984 after having purchased surreptitiously farming properties in the area in the 1970s (Kelly 1976; Murray 1976). Despite a series of environmental protests largely organised by environmental groups from Perth (Hughes 1980) and concerns expressed by some local residents about the presence of an alumina refinery at their doorstep (Langley 1976), overall the arrival of the industry was welcomed based on the prospect of local employment and income amidst a decline in traditional industries in the area (Anon 1976).

Industry-community relations changed in the mid 1990s when Alcoa installed a liquor burner<sup>2</sup> at its Wagerup refinery. It is during that time that complaints started to increase sharply among local residents about noise, odour and health problems, which were seen to be linked to the refinery. Alcoa responded with attempts to fix technical problems surrounding the liquor burner modifying existing, and introducing additional technology. However, the company denied any responsibility for adverse health impacts on the local community, merely making allowances for impacts in the form of noise and odour. The conflict continued and peaked in terms of media coverage between 2001 and 2002 amidst attempts by Alcoa to introduce a land management plan, which effectively divided the town of Yarloop into two different management areas and fuelled anxiety amongst community members. This was not only because it was seen as an in-principle admission of something being wrong with the refinery but also because residents within the two land management areas were being treated differently, which effectively served to split the community.

Alcoa sought to own the land closest to the refinery to have an effective noise buffer and to avoid ongoing complaints from local residents. This area became known as Area A, and residents in that area were made offers by the company to sell their land and properties. Residents outside Area A initially did not receive buyout offers, even though they believed they were also affected by noise and health impacts from the refinery. While Alcoa eventually agreed to also buy properties in what became Area B, the properties purchased were bought at lower prices than properties in Area A, leading to further community disquiet. The nature of the conflict changed, no longer being driven exclusively by fears of impacts but also equity and financial concerns.

The conflict peaked again around 2005 and 2006 when the company proposed to expand its Wagerup operation with a view to increase its output capacity, triggering fears of larger emissions and community impacts. In the face of considerable public opposition to the proposal (Yarloop and Districts Concerned Residents' Group 2005; Community Alliance for Positive Solutions Inc. 2006), the WA state government approved Alcoa's expansion plan in 2006 (McGowan 2006). Notwithstanding Alcoa's seeming success in having obtained approval, community agitation has continued until today. While Alcoa announced recently that it has put its expansion plans on hold citing the global financial downturn (Alcoa 2008b), a high-profile class action is currently being mounted against the company by local residents, enlisting the help of community and environmental activist Erin Brockovich from the USA (ABC News 2008).

In sum, the long-running conflict surrounding the Wagerup alumina refinery has not been solved despite many attempts by the company, a parliamentary inquiry (Standing Committee on Environment and Public Affairs 2004), numerous scientific studies (e.g., Mercer 2001;

<sup>&</sup>lt;sup>2</sup> A liquor burner is designed to remove organic matter from the caustic soda used in the production process of alumina, improving both the quality and quantity of the product. However, the burning of organic material releases volatile organic compounds as well as carbon monoxide, sulphur dioxide and oxides of nitrogen. Only four liquor burners are known to be in operation in the industry world-wide.

Cullen 2002; Cook 2003) and a series of government intervention attempts. The case study below will shed light on the nature, and reasons underlying the persistence of the conflict.

#### **COMMENTS ON METHOD**

The case study presented here is based on applied social research carried out between September 2006 and October 2007 and funded by the Centre for Social Research at Edith Cowan University. The aim of this community-based study was to document and analyse the long-running conflict between members of the Yarloop community and Alcoa and to understand the dynamics and drivers of this controversy with a view to distil lessons for the prevention of similar industry-community conflicts within this period of rapid industrialisation in Western Australia. The research was initiated in response to community concerns being raised about the Wagerup refinery and its proposed expansion as well as the wide-spread media coverage the issues surrounding the facility received (e.g., Southwell 2002; McDermott 2005) amidst growing research interest in industry impacts on community well-being nationally (e.g., Connor et al. 2004; Albrecht et al. 2007).

Based on a combination of purposive and snowball sampling (Goodman 1961; Babbie 1992) data were collected from a broad cross-section of the local community as well as industry representatives.<sup>3</sup> Purposive sampling involved the identification of key protagonists in the conflict based on judgements about their suitability to the study and centrality within the debate. A 'snowball' of participants emerged as initial interviews led to further interviews, with research participants suggesting names of candidates for potential inclusion into the study. As a result, the circle of research participants was successively widened, leading to further inquiries and the pursuit of a wider range of people and issues. Participants of this study were not intended to reflect the conflict stakeholder community statistically. Instead, the idea was to capture a wide range of views on, and perceptions of, the Wagerup controversy. Snowballing enabled the attainment of a large selection of discourses as research participants made frequent reference to their discursive opponents in the conflict. In the end, data were collected from a total of 81 interviews with, providing the basis for this case study.

Due to the exploratory nature of the research semi-structured, open-ended interviews were being conducted, also known as non-directive or active interviews (Liamputtong and Ezzy 2005). It is a form of in-depth interviewing, conversational in style and facilitating the exploration of complexities and different subjective interpretations and meanings, which positivist methodologies such as structured, questionnaire-type interviews do not allow (Taylor and Bogdan 1998). This is an active form of interviewing which encourages participants to share their views on, and experiences with the issues discussed (Wengraf 2001), making it a suitable data collection vehicle for the purposes of this study. On average interviews lasted for approximately 90 minutes, which is considered the usual length for interviews of this nature (Liamputtong and Ezzy 2005).

The interviews were recorded, transcribed verbatim and then analysed using thematic analysis (see Denzin and Lincoln 1994; Braun and Clarke 2006; Fereday and Muir-Cochrane 2006) for the identification of issues that gave rise to, and fuelled the fractured industry-community relations under investigation. Themes were developed through the careful examination and re-examination of the raw interview data (Rice and Ezzy 1999), a non-linear, iterative and reflexive process. Data analysis began with visual, inductive coding (based on Boyatzis 1998) of important moments, which captured the richness of the Wagerup conflict. The themes that emerged from the interview data were pieced together to form a comprehensive picture of local experiences. The data are presented here in form of narratives, allowing participants to tell their stories.

Mindful of the power imbalances within industry-community conflicts and aligned with the research agenda of social critique (Kincheloe and McLaren 1994), this paper will foreground the voices of the least powerful stakeholders. These are the community members who claim to be adversely affected by the presence and activities of their corporate neighbour. Their

<sup>&</sup>lt;sup>3</sup> The study underlying this paper also involved members of parliament, research scientists and staff from various government agencies either directly or indirectly involved in the conflict. Due to space limitations, however, interview data from these groups of participants cannot be included.

stories will be told and contrasted with corporate viewpoints with the aim to distil lessons for both CSR theory and practice.

#### **ISSUES OF CONFLICT**

Due to the complex nature of the Wagerup conflict, it cannot be dealt with here meaningfully in its totality, and the focus is therefore necessarily selective. Much of the conflict was driven by concerns about health and financial compensation. However, issues such as these will need to be determined by the courts and are not subject of this paper. Instead, attention is focused on a number of important but far less tangible, social issues identified by Yarloop residents, which were integral to the community disquiet about Alcoa's Wagerup operation. These include perceived impacts on:

- families and friends;
- historical connections;
- future dreams and plans; and
- quality of life.

At this stage, it needs to be acknowledged, however, that the community was deeply divided because it was not universally believed that Alcoa's operation was impacting on the town or the health of local residents. Especially, more recent arrivals in town who were interviewed did not share the concerns of long-term residents and considered Alcoa unfairly targeted as is evident in Figure 2 below.



Figure 2: Evidence of community friction.

The photo was taken in front of a rental property in Area A. The tenants are renting the house of Alcoa.

#### SOCIAL IMPACTS EXPERIENCED BY YARLOOP RESIDENTS

In the eyes of long-term residents, Yarloop was a place with "a very close knit community", strong social cohesion and long family histories. Overall, it was described as "an ideal location to live" in; indeed, "a little piece of paradise."

It was an absolutely wonderful little town. Everybody looked after everybody.

The community at that point there was very close knit. People would help one another, if someone was in need or needed financial help or had problems, someone would come along and give you a hand.

By comparison, Yarloop today was described by the same residents as being "totally different now, because ... a good 80 per cent, probably more, of the original residents have sold up and left the town." These days, life in Yarloop was considered "scary" and "horrible". The place was seen as a "ghost town" where "the quality of life ... ha[d] just disintegrated."

Dead! It just doesn't seem to have any life any more.

A shit-hole! Honestly, I could not live there ... the atmosphere, what you can see in Yarloop, it has deteriorated that much.

The changes in town were attributed to Alcoa's operation and the impacts it was having on the community, some of which are described in more detail below.

One impact most local residents cited in connection with the enduring Wagerup conflict was the toll it took on families. Health problems or the fear of being affected by pollution have led to much family-internal friction, the up-rooting or the separation of close family units.

The families have all broken up. It was a very family community and everyone knew each other and that's not there any more, it's all broken off. People have split up and gone to different towns, different places due to the threat of pollution from Alcoa and future expansion from it and people have moved on.

My grandchildren no longer come here because they get sore eyes, itchy skin, blood noses and all the classic symptoms of the effects of Alcoa, so my grandchildren won't come here.

Well it was either [move] or get a divorce ... In the end, [my partner] said we either sell up or I'm out of here, and I couldn't blame her. She'd had enough.

The effects on families were also felt more widely because of an exodus of many long-term residents, which meant that not only family relationships were being affected but also friendships across town, serving to disrupt a large part of the community.

So my loss is the friendship, the connection I've had with all the friends and people I grew up with. Now there's probably only a handful left at this point.

The social connection, the friendship, the people looking after each other, the way this town was close and worked together. That part of it there is gone and that's what I miss the most....the part of the friends that I had. Yeah, it isn't the same town I used to know.

As a result of the local upheaval many residents expressed a sense of depression and a great deal of resentment towards Alcoa.

I'm usually a cup half full person, but now I'm cup half empty, and I don't like living in Yarloop anymore because of the negative attitude portrayed about the town and just the negativity of living here. I'd rather go away from the place and be positive about life. I can't be terribly positive about things living here now.

I have lost a great deal of my enjoyment of life. I have only got one considered friend left in town and he's stranded here because he can't get out.

It's a very bitter town. People are very angry

Impacts were also felt deeply in other areas of residents' lives, impacts which went beyond people and property. There was a wide-spread sense of emotional loss as it relates to history as well as future plans and quality of life.

With regards to people's historical connection to Yarloop, locals were grieving the loss of long-standing family ties to the area. As residents were moving away from the area, local family histories became fractured.

I was born, bred and raised in Yarloop 5 days shy of 61 years. 200 years tied up in Yarloop. My family and my history are tied up.

As I said, I was third generation Yarloopian and [my children were the] fourth generation ... in Yarloop. There will never ever be a fifth generation ... in Yarloop. That's my history gone if you understand where I'm coming from.

... there is an emotional thing in moving from somewhere where you've been – you've had generations of family that have established what you've got, that's hard to replace, it can never be replaced.

Many residents, especially farmers, had long-term plans for their retirement and the hope of being able to hand over family farms to their children. These dreams were shattered by the Wagerup controversy.

I always intended to stay there for ever and a day because my son was going to take on the farm, and we had about four acres there and we built a new home and we had it going pretty good and everything was going pretty good until the kids came along and they were getting crook.

You leave your plans behind. And somebody else has changed those plans for you and .... I hate that.

It's just disappointing how it's turned out. Well, for me, I thought I had my life mapped out. And now I've had the rug pulled from underneath me.

Since the beginning of the conflict in 1996 local residents felt that their quality of life had been affected either because of direct health impacts they experienced, fear of being impacted or because of measures taken by Alcoa to mitigate impacts such as noise.

So that lifestyle was interrupted because once we realised or found out what we were actually being affected by ... we virtually stopped growing vegetables. Bit by bit we just stopped doing everything that we were doing for our lifestyle by choice because we just decided it wasn't for our best interest.

... when I go walking I break out in this rash, every time, I don't go outside hardly, I've put on weight, I didn't exercise, I didn't do gardening, mow lawns nothing, I stayed inside for probably about two years out of my life. I had not gone outside very much at all. All my outdoor activity with gardening and that all stopped.

[Alcoa] said "Yeah, we'll do all the eaves; close it all in so you can't hear the noise, put double-glazed windows in your bedroom so you can sleep at night". Okay, that's fine but what about breathing, a bit of fresh air or let the window open so a bit of cool air comes in.

The statements above make plain that local residents were affected greatly either directly or indirectly by the impacts Alcoa was perceived to be having on the community. While calls were being made for compensation, which undoubtedly will feature prominently in the looming court proceedings, financial compensation was not a key concern for many residents.

The dream we had, they can't replace that. Doesn't matter how much money you get, they're not going to replace that sort of thing...that dream, the happiness we had in Yarloop.

We're not talking about greed. If they gave us \$10 million, it still wouldn't have been enough for the damage, for the mental trauma, for the heartache, for everything. It's not about money. It's not

about money at all; it's about what they've done to people's lives, family. A beautiful community that was close has been split up.

Instead, residents spoke of expectations they had of the company about the way this conflict should have been dealt with. Broadly, these expectations can be summarised as follows:

- fix your problems;
- be open and honest;
- be accountable; and
- be respectful and compassionate.

First and foremost, many residents did not seek compensation nor did they wish to be bought out by Alcoa. Primarily, there was a desire for the company to improve its operations so as not to impact on the community.

> It was never an issue of selling up and moving out of town; it was for Alcoa to fix up the problem on their side of the fence. And we stated that very publicly ... that we want you to fix it; we don't want to move away; we want you to fix the problem.

> The majority, or all the people I know of, actually said "Fix your problem. Leave the town alone".

There was also a sense that the company should have been more open and honest in the way it was dealing with the community when problems first started to emerge.

If they had of been straight out, open and honest and ... even just a little bit generous, people wouldn't have been worried. They would have even sat down at the table to work out how to stay in Yarloop rather than move out of Yarloop.

In this regard, Alcoa also stood accused of not being accountable for the damage the company caused in the eyes of residents, denying that problems existed. This also served to highlight the power differentials at play, as there was a sense that ultimately the company determined the process.

Number one ... is to acknowledge the problem exists rather than just flatly deny and continue to claim "We operate the world's best practice, we are a benchmark".

Alcoa ain't gonna move. Nobody wants Alcoa to stop production. We want them to be accountable.

They don't want to know you, they pretend they do but they don't; they don't want to hear about it; We're just little nothings to them.

It was always what Alcoa wanted, how they wanted and when they wanted [it] regardless of what anybody else thought, wanted, desired or anything else, and that's how the process has been.

Importantly, the question of how the company engaged with the community was seen as critical. A missing aspect, according to residents, was an element of respect and compassion, which in the eyes of many would have helped diffuse the situation.

You know ... you want them to come out here or someone to come out here and understand what you are talking about.

Well, they shouldn't have come in and treated the locals originally like hillbillies, country hicks.

They didn't care less; they didn't care because they didn't believe us. They actually sat there and mocked me.

Show a bit of compassion. That's right, that's what you want.

You've got a company that doesn't have any scruples morally versus people with feelings. Feelings and business just don't go together.

In summary, while much of the grievances described above are linked to issues surrounding the health of local residents, the statements show that community members felt deeply affected on different levels. Local sentiments will now be compared to responses from Alcoa which combined will inform an ensuing analysis and discussion.

#### ALCOA'S INTERPRETATION OF THE CONFLICT AND ITS RESPONSES

Alcoa staff agreed that the installation of the liquor burner in the mid 1990s gave rise to the conflict. Staff conceded that "Alcoa had a great deal of difficulty in getting the plant to operate effectively and operate the way it was designed." Yet, operational problems on site were not seen to be related to community complaints about poor health. This was regarded more as a psychosomatic manifestation.

I think around this whole issue from a health perspective and particularly a public health perspective it's a very fragile thing and if people think that they're unwell they will be unwell. ... as issues were raised others realised that they've been affected and so you ended up with a lot of people believing that they've been affected.

Alcoa was convinced that the Wagerup site was "the most measured piece of atmosphere in the world." Thus, there was a view that "[Alcoa] had all [its] bases covered, [the company] had all [its] measurements. [Alcoa] had all of the health guidelines and so forth and there wasn't an issue ... since [the company] ha[d]n't really been able to find anything that would create a conventional health risk." This meant that community concerns were countered with science which also served to harden the company's conviction that it was "doing no harm." Yet, with the advantage of hindsight there was a realisation that more effort should have been put into "rebuilding trust and faith within the community."

I think for a lot of people it looked like Alcoa didn't care or didn't believe them which ... can happen when people complain and you present them with science. What they sometimes interpret is 'we don't believe you'.

Alcoa recognised that local residents "felt like the refinery was intruding on their lives but they couldn't get out." In response to this, Alcoa developed its land management plan with the aim that "people could leave gracefully if they wanted to."

[We] issued a land management strategy and the idea was that it identified a line around the refinery ... and what it said was Alcoa would like to own the land within that area and so it would put an offer on the table for anyone who lived in that area. ... The idea was that if people closest to the refinery really wanted to leave then Alcoa would help them do that. That was the idea.

The creation of Area A resulted in community outrage because "there was a perceived inequity there", which is why Alcoa expanded its land management plan and "Area B was put in place to address some of the inequity." "The consequences of that ... [however] were fairly dramatic" as different buyout offers were made by the company to local residents within the different areas, which served to divide the town and intensify perceptions of inequity. Nonetheless, the price differential was considered justified "[b]ecause Alcoa [could} not find a bit of science that says it's having an impact out there [Area B] ..."

It needs noting that the processes employed by Alcoa and their respective community impacts were judged differently by managers within the company ("there are lots of different views within Alcoa in terms of how it was handled"). The selected comments below give expression to the dominant response, which ultimately shaped industry-community relations.

Alcoa managers believed the company engaged with the community in good faith, giving people ample opportunity to voice their opinions and having input into the company's decision-making with regards to land management and other operational issues. Over the years, many forums and working groups were established which were open for anybody to attend.

The people who went on the working groups self-elected; they selfselected. As I said to you there were litigants on those groups.

We advertise it in the paper and if there's a particular agenda item they're interested in they can come; they can come for one meeting or they can come for as long as they like.

Yet, many of these forums were not being attended by local residents critical of Alcoa because it was felt that the meetings were "[b]iased completely towards Alcoa." As suggested by one local resident:

Manipulated from the point of view that they do their best to choose 'pro-Alcoa' people for the committees, people who will just follow whatever data the company throws at them...question it as little as possible and put a positive spin towards the company on things rather than use any information to try and make things better.

With regards to corporate communications, staff believed that Alcoa kept the community adequately informed, confirmed by the positive feedback the company received from the community.

... we had a lot of different facets to the engagement framework one of which was these newsletters and we've had some really interesting feedback from them. ... we've had feedback ... and the majority reckoned that the amount of communication is about right People want to know a lot; they want to know in a form that's very digestible for them and for their families.

Alcoa's media campaign was focused heavily on the local and regional economic benefits the refinery and its future expansion would bring to the region, citing, inter alia, increases in local employment, tax revenue and infrastructure developments (Alcoa 2006c, b). Emphasis was also placed on the support the company received from local residents, businesses and company employees (Alcoa 2006b, d). Dissenting voices were also targeted by company advertising in local newspapers, accusing what was called a 'small minority' of making "false allegations" and 'exaggerated claims' based on 'personal agendas' (Alcoa 2006e). The 'attacks' against Alcoa were labelled 'counter-productive and based on misinformation', adversely 'impact[ing] community morale' (Alcoa 2006e). Overall, there was a strong belief amongst Alcoa management that dissidents constituted only a small section of the community, which did not represent the wishes and aspirations of the wider community.<sup>4</sup>

What we see is the vast majority of people want to stay there. They're happy. They want the town to prosper. ... We're pretty confident that that's what people want to do and that's the truth. ... We hope very much [the expansion goes ahead] because there will

<sup>&</sup>lt;sup>4</sup> It needs noting, however, that the community group 'Community Alliance for Positive Solutions Inc.' (CAPS), which has been campaigning against Alcoa for a number of years on grounds of health and community impacts, counts over 150 paid members (Community Alliance for Positive Solutions Inc. 2008).

be a lot of disappointed people if it doesn't; people who want to see the jobs.

The majority of people are pretty comfortable and happy to stay there and want the town to go ahead.

Between 2002 and 2006 the number of community complaints to the company had declined, which was attributed amongst other factors to changes in the way the company responded to community concerns. This in turn was seen as a gauge for success.

There were changes made to the land management policy. There were some very big changes made to engaging people and listening to people, like the community, and there were also some emission changes made during that time including further noise reductions but ... the thing for Alcoa is ... that the number of complaints has decreased greatly.

Alcoa staff conceded that mistakes had been made over the last 10 years in terms of preventing and managing the Wagerup conflict. At the same time, there was a belief that the company had learnt from its mistakes and started to engage more effectively with the local community (Osborne 2004).

This case study does not prove causality between Alcoa's refinery and community health in Yarloop; nor was that the aim. Yet, it is plain that the lives of many local residents were being impacted upon by the company in many ways other than health. While Alcoa's former managing director Wayne Osborne offered an unreserved apology to the community on behalf of the company, the issues driving this conflict have not disappeared. Today, social impacts remain highly visible and health impacts continue to be shrouded with uncertainty in the face of knowledge gaps and imperfect science (Standing Committee on Environment and Public Affairs 2004). This is compounded by emerging findings from ongoing research and monitoring in the Wagerup area (e.g., Calhoun et al. 2008; Holmes 2008), which only recently led to a tightening of Alcoa's licensing conditions and more stringent air quality controls. Overall, the ongoing controversy, pending Ombudsman reports, and a looming court case are indicative of high levels of continued community unease and resistance, reflecting poorly on past attempts to solve the conflict. As suggested by the Standing Committee on Environment and Public Affairs (2004: 370), "Alcoa failed to adequately recognise and respond to the complaints it received from ... the local community", lacking to offer a comprehensive response to the range of serious and complex issues developing at the Wagerup refinery, which resulted in a breakdown of trust between the company and the local community.

#### DISCUSSION AND CONCLUDING COMMENTS

In socio-ecological terms, Alcoa seemingly adopted a closed-system approach for dealing with the Wagerup conflict, which fuelled community outrage and ultimately led to the derailment of industry-community relations. The conflict evolved initially through a sequence of inappropriate first order responses (see Crombie 1997; Emery 1997a) by Alcoa to community concerns, with the company dissociating itself from the problem by denying wrong-doing and impact. Instead, by its own admission, Alcoa took 'a very strong-armed view', employing legalistic and scientific arguments as a means of countering community complaints. This was not only perceived as uncompassionate but also highly offensive. Alcoa's subsequent buyout offer, which the company considered a sign of good will, manifested as a Type III error (Mitroff 1998), offering the perfect solution to the wrong problem. Following considerable community outrage, Alcoa offered a way out to residents who felt affected, enabling them 'to sell and leave the town with dignity'. Yet, many of those affected had no desire to move but instead wanted 'Alcoa to fix its problems' with the refinery. The differential treatment of residents in areas and A and B only added insult to injury. Alcoa's narrow framing of a complex social problem using a narrow, single perspective increased the complexity of the conflict and caused a range of unintended consequences such as community-internal friction.

As the conflict intensified, inappropriate second order responses followed (see Crombie 1997; Emery 1997a) with Alcoa's hearing becoming increasingly selective. The company built on its support from allies, focusing on the positive feedback the company received from other community members, employees and local, mining-dependent businesses. At the same time, dissenting voices were being attacked and discredited. This polarisation ultimately resulted in a stalemate with the company becoming increasingly cocooned amidst spiralling community agitation. In other words, Alcoa lost control over the environmental turbulence its actions created. As resistance grew outside the company, the stronger the resolve seemingly became insight the company to fight dissidents as opposed to seek constructive dialogue. In all fairness, the same can be said about battle-weary community members whose positions also became increasingly entrenched and their willingness to engage with Alcoa diminished. Consequently, learning opportunities were being missed by the company as attention was focused largely on what was deemed a majority viewpoint. The resultant systemic blind spots prevented a meaningful and empathetic engagement with marginalised points of view, the representativeness of which remains hotly contested.

The company's seeming selectivity raises questions about stakeholder legitimacy and the validity of stakeholder grievances. It appears that views which were well aligned with Alcoa's business and long-term perspective for the region were used strategically to bolster the company's media campaign. In contrast, dissent which ran counter to the company's objectives was seen as unrepresentative and illegitimate. Alcoa seemingly understood its approach to CSR in terms of the company's social contributions such as employment, tax revenue and philanthropic expenditures, which an expansion of the refinery promised to increase even further. Arguably, as evidenced by corporate communications, this is also how Alcoa understood its role in the regional sustainable development context (Alcoa 2005c). These were the issues which resonated strongly with Alcoa's support base in the community. What was being overlooked, however, were the issues that mattered to marginalised residents such as impacts on family ties, family history and social connections.

Unsurprisingly, Alcoa and members of the Yarloop community arrived at diametrically opposed conclusions on questions of CSR effectiveness. While from Alcoa's point of view the situation improved in light of reduced complaints figures, local residents saw their lives and dreams shattered and their community destroyed. In determining the company's social responsibility Alcoa seems to have employed jointly what Pater and van Lierop (2006) call inside-out and outside-in perspectives matching the organisation's values with those of powerful outside stakeholders, yet arguably at the expense of less powerful actors. Problem definition, issue selection and directions for conflict resolution were defined by like-minded people sharing similar values. The same 'group think' problem also applies for the measurement of success. Consequently, Alcoa was never likely to arrive at CSR outcomes it could trust to be effective or reliable as they were not tested by 'fringe stakeholders' (Pater and van Lierop 2006) with relevant knowledge about local issues and also high personal stakes. As pointed out by Banerjee (2006), there is a risk that firms focus exclusively on stakeholders who can help improve their financial situation or competitive advantage, leaving little room for the interests of marginalised stakeholders. CSR practices and outcomes are therefore not owned by all stakeholder groups and at risk of being socially unacceptable.

The importance of meaningful company stakeholder engagement is widely recognised (e.g., Miles, Munilla, and Darroch 2006). Nonetheless, in many cases managerial values and discretion are decisive in stakeholder selection. It thus comes as little surprise that 'dependent' stakeholders (after Mitchell, Agle, and Wood 1997), stakeholders with legitimacy and urgency but limited power, continue to find themselves overlooked and kept outside the circle of so-called 'definitive' stakeholders (e.g. shareholders, customers, employees) (Mitchell, Agle, and Wood 1997; Agle, Mitchell, and Sonnenfeld 1999). Benn and Dunphy (2007) make the point that traditional stakeholder management approaches – premised on market fundamentalism and individualism – lack inclusiveness and do not meaningful inform good governance especially as it relates to the management of power differences and risk. This may also explain calls to end the search for stakeholder priority and to move towards new laws and social contracts which spell out social and environmental criteria for providing a licence to operate (Elkington and Fennell 1998; Banerjee 2001) for that would eliminate the problem of stakeholder exclusion based on managerial judgement and values.

It is proposed here that Alcoa's narrowly framed CSR perspective was ultimately responsible for the company's CSR measures not meeting the mark of social acceptability as dissenting voices were ignored and in-house assumptions validated without the requisite checks and balances. It is commonly held that companies are torn in various directions because of a multitude of different demands placed on them by a growing number of stakeholders and therefore need to be pragmatic and strategic in determining legitimate CSR issues (Orlitzky, Schmidt, and Rynes 2003). Yet, I hope to have shown here that fringe perspectives demand attention and that a shared understanding of conflict issues is required before companies can meaningfully address local problems. This, however, is contingent on a willingness by powerful conflict stakeholders to acknowledge that problems exist and that processes for conflict resolution are employed that are acceptable especially to marginalised stakeholders. As pointed out by Frankental (2001), this critical faculty on the part of companies is often found missing.

In closing, the positive developments in the area of CSR ought to be acknowledged. The burgeoning practice of sustainability reporting (Kolk 2008), the advent of reputation-based indexes (e.g. FTSE4Good, Dow Jones Sustainability Index) (Willis 2003) and the tremendous growth in socially responsible investment (SRI) (Derwall 2007) undoubtedly help mainstream the CSR agenda and ought to be seen as positive steps towards improving business-society relations. Still, many inconsistencies remain (Gray and Milne 2002; Laufer 2003; Hawken 2004; Moneva, Archel, and Correa 2006) and explain many of the contradictory messages in the public realm about companies' CSR performance. In Alcoa's case, for example, the company enjoys a high Reputex (2003) ranking in Australia for good CSR practice, whilst making headlines for irresponsible business conduct (Flint 2007). Moreover, Alcoa is ranked as one of the world's most sustainable companies (Innovest Strategic Value Advisors 2008), yet it is also being blacklisted as one of the world's most toxic business entities (Political Economy Research Institute 2008). There is also cause for optimism as standards and protocols such as the Global Reporting Initiative's G3 (2006) and the to be released ISO 26000 (International Standards Organisation 2008) are well poised to help overcome inconsistencies and contradictions such as these. Also, there are signs that social businesses are on the rise, promising to replace traditional, capitalist business models (Welford 2008).

In the meantime, however, old ways of doing business are alive and well, and much called for legislative changes to the corporate charter (Cavanagh and Mander 2004) are not envisaged in countries like Australia any time soon (Parliamentary Joint Committee on Corporations and Financial Services 2006). Consequently, pressing tensions still need addressing within the field of CSR as the discretionary ethical grey area of CSR will need to be negotiated by companies without legislative guidance. In this context, I hope to have made explicit, enlisting the help of the socio-ecological perspective, some of the weaknesses that are apparent in dominant CSR discourse and practice. A blinkered rationality was shown to have captured inadequately complex social problems, resulting in the exclusion of dissenting rationalities and flawed performance measurements. Based on the results presented here more research on CSR beyond the business case is called for with a view also to address questions of conflict prevention as well as 'palliative community care' in cases of conflict escalation and inadvertently poor community outcomes. Perhaps more importantly, critical reflection is needed within the field as well as the exploration and rigorous, empirical testing of the assumptions underlying the dominant school of thought within this evolving CSR discipline.

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