CSR or CPR: Breathing life into New Zealand businesses through capturing CSR?

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Introduction

Turn on the television on a weeknight, and you will see that Bank of New Zealand is saving the kiwi from extinction, Westpac is lifting stranded people out of the bush by helicopter, and National Bank is keeping the spirit of cricket and netball alive. And that is just the banks. Globalisation-related phenomenon, such as the growth of a proactive international civil society, has meant that the corporate community increasingly faces external pressures to behave responsibly toward society and the environment. Put differently, businesses now face a wide range of stakeholders that go above and beyond the traditional perceptions of accountability owed only to shareholders. However, do businesses incorporate corporate social responsibility as a means of recognising their impact on society or as a means of shareholder wealth maximisation?

This research examines how New Zealand managers view corporate social responsibility (CSR). It gains an insight into what motivates their pursuance of CSR and illustrates their self-interested motivations. From the analysis of 15 survey replies from companies listed on the New Zealand stock exchange, this study has provided an insight that suggests that our managers have captured the concept of CSR. There appears to be very little resistance to the appeal of the economic benefits achieved from acting in socially a responsible manner. It seems that our managers adopt CSR primarily because it can positively affect their profits, and secondly because it may be the “right” thing to do. CSR helps to validate businesses actions and allows them to continue ‘breathing’. I believe corporate social responsibility should be pursued as recognition of the impacts of a business’ operations on society, and that it should be pursued for what it brings to society, rather what it brings to the business.

This study draws on research conducted by Brendan O’Dwyer (2003), who examined managerial perceptions of CSR within Ireland’s private listed companies. This research is an attempt to see whether his findings apply within New Zealand’s operating climate. While data collection methods differed, it appears that the same themes pop up with New Zealand’s top company managers.
This research will first describe why the area of CSR is of interest; secondly, it will provide a brief history of the concept of CSR; thirdly, it presents O’Dwyer’s (2003) findings; fourthly, a literature review of literature spanning across the business perspective, the social accountants perspective, and the Critical perspective; fifthly, the results of survey are presented; and finally, a conclusion of the research process and findings.

Why CSR is Important/Relevant/Interesting?

In this world, where businesses continuously strive for operational efficiency and shareholder wealth maximisation, it is increasingly more important to consider and atone for the negative effects produced by such actions. These negative effects can impact groups such as customers, suppliers, employees, the environment, local communities and global communities. As businesses draw resources from these groups and transform them into goods and services, the benefits of such actions generally accrue to the business owners. However, certain groups may suffer from direct or indirect effects of the process of production, sale, and point of sale. These effects can include degradation, exploitation, discrimination, maltreatment, exclusion, injury or damage (Lehman, 2005). It seems only just, therefore, that the businesses that are benefiting from the process make efforts to recognise this impact, and do what they can to achieve a more equitable society.

CSR can be a tool with which businesses can communicate their impact on society, identify ways to correct their negative effects, and accept responsibility for their actions and the actions of others. However, it should not be used as a form of “impression management” (Neu, Warsame, & Pedwell, 1998), a means to improve customer loyalty, reputation or employee commitment and productivity (see McAlister & Ferrell, 2002), nor as part of a PR strategy (see L’Etang, 1994), all of which frequently occur.

New Zealand projects a “clean and green” brand image. This is a result of our beautiful country scenery, our diverse flora and fauna, and our clean waterways. New
Zealand prides itself on providing a safe and clean environment for its population to live in. However, this can be ruined by irresponsible businesses. At stake are New Zealand’s positive image, our health, our people, and our natural environment. CSR is therefore relevant and important to all of the people of New Zealand, the country in which this study is set. Businesses who implement CSR (properly) can identify impacts, inform relevant publics, take responsibility for actions, and make their operations more transparent and accountable, which can improve society as a whole (Lehman, 1999; O’Dwyer, 2002). This is the argument as presented by a social accountant. As will be discussed later, different paradigms disagree with this point of view.

As the CSR issue is a highly contentious area, its relevance to New Zealand in particular makes it an interesting area to investigate. Questions and issues that arise around CSR include:

- What is CSR?
- How far should responsibility extend? (Longo, Mura, & Bonoli, 2005);
- Why has the quality of CSR reporting scarcely improved over the last five years? (Knox, Maklan, & French, 2005);
- Who drives the CSR?
- What is the purpose of CSR?
- What are the real motivations behind CSR?
- What should be the motivations behind CSR?
- Should CSR be regulated?; and
- How should CSR be conducted?

To add further appeal, the answers to these questions and the salience of these issues depend on where any given observer stands theoretically (Gray, Owen & Adams, 1996). The three standpoints that will be discussed later include the business point of view, a social accountant’s point of view, and the view of an ardent critical accountant. However, in reality, the CSR that is witnessed by the world is dominated by the business perspective, where profits lie at the heart of the issue.
**Brief History**

Writings on social responsibility emerged in the early twentieth century. These writings intensified and have become more developed, theorised, and more vigorously pursued since the 1950’s (Carroll, 1999). Early works and definitions referred to ‘businessmen’ as opposed to ‘business or company’ (Carroll, 1999). CSR then grew in salience on the business agenda in the early 1970s in response to the emergence of corporate social activism (Marinetto, 1999). In 1970, a public opinion survey administered by Opinion Research Corporation showed that two thirds of their respondents believed that business had a moral obligation to assist other institutions to achieve social progress, even if this came at the expense of profitability (Carroll, 1999). The next year witnessed the formation of Greenpeace and Friends of the Earth who are active groups in protecting the environment (Watson & Mackay, 2003). These groups, along with others through lobbying and protest, brought attention to the negative impacts businesses had on society. Businesses were forced to take action in order to satisfy their relevant publics.

Today, CSR is practiced widely (even if not directly referred to), albeit with varying degrees of intensity and altruistic desire. Some entities have made commendable and honest attempts at acting responsibly, for example, Tradecraft plc (Gray, Dey, Owen, & Zadek, 1997). Some have also made less commendable attempts, through reporting only positive information, detracting accountability, and expanding effort to alter the perceptions of the public without making any real change in their operations. There appears to be no consistency of quality among the actions and reporting of responsibility. This may all be reflected in why the quality of CSR reporting has hardly improved over the last five years (Knox et al., 2005).

**O’Dwyer’s Findings**

Brendan O’Dwyer’s research into the managerial conceptions of CSR in Ireland provides the inspiration and framework for this study. O’Dwyer (2003) interviewed 29 senior executives from 27 publicly listed companies in Ireland. He aimed to obtain the personal attitudes and perceptions that these executives had towards CSR through conducting semi-structured in-depth interviews. It was made explicit that the
researcher was not looking for any right or wrong answers; rather it was the interviewee’s opinion that was being sought.

O’Dwyer found that an overwhelming majority of executives recognised that they had broad social responsibilities to various groups. The existence of ‘social responsibilities’ entails an aspect of responsibility that is separate from the business’ economic responsibilities to its shareholders (Lehman, 1999). However, he found that the elaboration of the responsibilities owed was brief as managers had difficulty expanding on their answers. Nonetheless a small minority staunchly held the view that they should have no responsibilities to broader stakeholders.

Upon further probing, O’Dwyer established that economic self-interest was the “primary motivation fuelling the recognition of social responsibilities among the managers” (2003, p. 532). He proposed that there were two approaches that underpinned CSR from this motivation; proactive and reactive enlightened self-interest. L’Etang (1994) defines enlightened self-interest as:

…implying that both the corporation and the community benefit from corporate social responsibility in accordance with crude utilitarian principles of ‘the greatest good for the greatest number’ (p. 118).

L’Etang goes on further to say that a “corporation motivated by self-interest is unlikely to give full consideration to the needs and interests of a recipient” (1994, p. 118).

These self-interested rationales effectively consider the impact of CSR on the business, as opposed to the more honourable, and arguably more important, impact of the business on society. O’Dwyer also found another rationale promoted by some managers. This was that some managers believed that they have a moral obligation or duty to wider society. This would appear to contradict the previous two rationales, and upon further questioning it became apparent that the terms “obligation” and “duty” were also being captured and that economic interests were still at the heart of the matter.
Proactive enlightened self-interest entails “voluntary recognition of corporate social responsibilities by companies as long as this enhanced or failed to inhibit corporate economic welfare” (O’Dwyer, 2003, p. 533). Within this rationale, a business would actively seek programmes of responsibility as long as the activity enhances its image and the benefits outweigh the costs, or alternatively, if the organisation’s activities are not hindered. Shareholder wealth maximisation remained at the core of the decisions as whether to adopt CSR practice. Of the 29 managers interviewed in O’Dwyer’s research, 25 provided answers that were consistent with this rationale.

However, the above analysis came from how the managers’ prospective organisations operated. Of the 25 managers who had described their CSR operations within the proactive enlightened self-interest rationale, 12 noted that it was a very narrow conceptualisation of CSR. These managers believed that the actions were rational from the corporation’s economic perspective; however this perspective was not consistent with their personal thoughts on the matter. These managers expressed concern with the short term approach of the market. Such structural pressures provide obstacles for managers to recognise and acknowledge broader social responsibilities that may have negative economic impacts.

As is evident, this rationale of CSR shows ‘managerial capture’. O’Dwyer (2003, p. 524) defines managerial capture as:

> the means by which corporations through the actions of their management, take control of the debate over what CSR involves by attempting to outline their own definition which is primarily concerned with pursuing corporate goals of shareholder wealth maximisation

Another similar definition comes from Owen, Swift, Humphrey and Bowerman (2000, p. 85) who define managerial capture as the:

> concept that sees management take control of the whole process (including the degree of stakeholder inclusion) by strategically collecting and disseminating only the information it deems appropriate to advance the corporate image, rather than being truly transparent and accountable to the society it serves.
Managerial capture describes a process of manipulating a concept (in this case CSR) that has honourable (dare I say objective) intentions, into a concept that requires little change to business as usual and leaves economic performance at the heart of decision making. By acting in a way that detracts from the core interests and principles of CSR, and directing them towards the entities’ self-interest, managers ‘capture’ CSR. The proactive enlightened self-interest shown by these Irish managers illustrates managerial capture of CSR in Ireland. Similar tendencies will be tested in this research within the New Zealand business environment.

The second rationale that O’Dwyer (2003) discussed was the reactive enlightened self-interest perspective. Businesses would initiate CSR programmes when external pressures forced them to adopt. Business would conform if by doing so they were able to avoid potential negative impacts on the firm. Such pressure could come from the public, the government, interest groups, and the media in which the costs can include _inter alia_ litigation, negative public relations, damaged supply lines, or customer boycott. Deegan, Rankin and Tobin (2002) found that the media was a medium which significantly affected businesses corporate social disclosure.¹

Reactions to external pressures differed. Some businesses abhorred it, while others welcomed it and believed that the pressure was deserved. A firm’s openness to engagement may well be reliant on whether they can manage or dominate the process of engagement, where in many cases management are sensitive to and resent the pressures upon them. This condition and the intolerance of managers impose a significant challenge for the critical engagement by social accountants (O’Dwyer, 2003). If a manager dislikes what he/she is being pressured to do, they are more likely to make a weaker attempt at CSR than they would have if they fully accepted and believed, in what they were being asked to do. This means that the outcome of a manager’s actions will be based on the minimum that can be done in order to acquiesce the pressures placed on them, rather than representing fully the intentions/ideas that represent the standpoint of the pressures.

¹ The business studied was BHP Ltd. Deegan _et al._ (2002) also sighted O’Donovan (1999) who also found that print media was a major determinant of what was disclosed.
The final approach presented by O’Dwyer considers duties and obligations. O’Dwyer found that 19 managers (of which 18 had previously espoused enlightened self interest rationales for CSR) believed that they owed duties and moral obligations to certain sectors of society irrespective of the economic consequences. However, upon further probing, it was found that shareholders were still at the heart of the CSR therefore the terms ‘obligation’ and ‘duty’ were considered to have been captured. O’Dwyer noted that:

…it was only when these managers were probed further to expose more in detail the underlying meaning they attached to the terms “obligation” and/or “duty” that it became clear many tended to conflate notions of obligation and/or duty with economic self interest, despite insisting that this was not the case (2003, p. 546).

This Irish study of CSR illustrates how it can easily be manipulated from a concept that encompasses activities that are intended serve and improve the common good of the community, to a concept that is business centred. Put simply, the captured form of CSR says – ‘what is good for the community is good for business’ with an ad hoc ‘only if the benefits to the business outweigh the cost’.

This study contributed to the literature with its 3 key findings. Firstly, it provides evidence that CSR in Ireland is restricted to activities that do not hinder the shareholder wealth maximisation goals of the business. Secondly, it illustrates that there are pockets of resistance; however structural obstacles prevent management from implementing such practice. Finally, it shows how complex an issue CSR is with the often contradictory comments from management. Managers may note that they have obligations to society, but upon further discussion, the primary obligation still appears to be to shareholders.

**Literature Review**

This discussion now moves to consider and compare the literature from three differing perspectives of CSR. These “paradigms” include the business perspective, the social accountant’s perspective, and the staunch Critical theorist perspective. The vastly differing arguments presented here are representative of why CSR is such a difficult
phenomenon to explain (Campbell, 2000; Longo et al., 2005). Any given view of what CSR is or should be, depends on the lens which you use (Zenisek, 1979). The literature review below illustrates this point as CSR, which, depending on the perspective has a different meaning, motivation, impact and significance.

**Business Perspective**

Research that emanates from the business perspective generally runs a business case for CSR. This entails strategic use of CSR that aims to increase income, prevent economic loss, all the while retaining shareholder primacy. For example, Maignan & Ralston (2002, p. 497) note that CSR is “an instrument to legitimise and market [a] firm”. Business based research into CSR examines a wide range of issues, mostly concerning how and if CSR can assist businesses in their operations. It generally operates under a functionalist paradigm where studies are based on classical management theories or neo-classical economic theory (Tilt, 1994). Thus, much research is dependent on the Efficient Market Hypothesis (EMH). This Traditional accounting research has a “belief in a benignly passive role of accounting in capitalist society and an acceptance of the dominant rights of investors and financial markets” (Gray, Owen, & Maunders, 1988). Social accounting, such as CSR, is considered important only if it can enhance a business (Gray et al., 1988; Tilt, 1994). There appears to be copious amounts of research emanating from this arena, of which, much is contradictory to earlier work and leaves many questions and issues unanswered.

Some definitions of CSR from the business literature include:

…the performance of obligations to particular individuals, and not society as a whole (Chamberlain, 1953, p. 13 cited in Zenisek, 1979); and

…response to issues beyond the narrow economic, technical, and legal requirements of the firm. It is the firm’s obligation to evaluate in its decision-making process the effects of its decisions on the external social system in a manner that will accomplish social benefits along with traditional economic gains which the firm seeks (Davis, 1973, p. 312-313)
…businessmen’s decisions and actions taken for reasons at least partially beyond the firm’s direct economic or technical interest (Davis, 1960, p.70 cited in Carroll, 1999))

…CSR involves the conduct of a business so that it is economically profitable, law abiding, ethical and socially supportive. To be socially responsible… then means that profitability and obedience to the law are the foremost conditions to discussing the firm’s ethics and the extent to which it supports the society in which it exists with contributions of money, time and talent. Thus, CSR is composed of four parts: economic, legal, ethical and philanthropic (Carroll, 1983, p. 604 cited in Carroll, 1999).

Alternatively, the extreme view espoused by Milton Friedman (1962):

Few trends could so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their stockholders as possible.

In an early piece of business literature on CSR, Davis (1973) presents the arguments for and against CSR from the business perspective. In support of the argument for CSR, Davis identified 10 points that illustrate businesses interest in using CSR. These include: long-run self-interest, public image, viability of business, avoidance of government regulation, socio-cultural norms, stockholder interest, let business have a try, business have the resources, problems can become profits, and prevention is better than curing. These arguments are centred on the betterment of the business and not necessarily the betterment of greater society.

In presenting the arguments against CSR, Davis (1973) identifies eight arguments that suggest that CSR is not desirable. These include: a clash with the profit maximisation goals of business, higher economic costs for society, business lack the social skills, dilutes business productivity, weakened international balance of payments, business already has enough power, lack of accountability, and lack of broad support. Wolf (2004) cites many of the arguments identified by Davis, but adopts a more hard lined approach. Wolf goes as far as to say that CSR may not be in the public interest. However, if CSR is implemented properly with a business taking accountability and responsibility for their actions, such a situation would not arise.
The above theoretical pieces illustrate businesses’ self-interested notion of CSR. This theme is followed by the empirical research done from the business perspective.

In a study comparing CSR in Europe (the European countries consisted of France, the Netherlands, and the United Kingdom) and the United States, Maignan & Ralston (2002) examine the motivating principles behind businesses adopting CSR initiatives. As a result, value-driven, performance-driven, and stakeholder-driven were the three motivations identified as providing the impetus for managers to implement CSR practices.

Value-driven CSR is implemented as it is part of the organisation’s culture, or alternatively as an “expression of its core values”. This motivation also has a self-motivated interest to assist society. This is the enhancement of its corporate identity through taking these actions (Maignan & Ralston, 2002). This corresponds to the positive duty view espoused in Swanson (1995).

The performance-driven principle sees CSR implemented as a tool to enhance economic performance (whether through improved profitability, return on investment, or sales quantity) and its competitive position (Maignan & Ralston, 2002). This principle corresponds with the utilitarian perspective described by Swanson (1995). The two aforementioned motivations of Maignan & Ralston could fall under the O’Dwyer’s proactive enlightened self-interest rationale.

The final principle motivating CSR that is identified is the stakeholder-driven CSR approach. Businesses that are motivated through this will respond to the pressures placed on it by stakeholder groups. Similarly, this motivation equates with Swanson’s (2005) negative duty perspective and this could be classified as reactive enlightened self-interest as per O’Dwyer (2003).

In comparing these motivations internationally, it was found that the motivations behind CSR differed between the countries. The U.K. appeared to be more stakeholder-driven, the U.S. was more value-driven, and France and the Netherlands portrayed a more even set of motivations and the numbers did not show any obvious preference. These results give an insight into the motivations for businesses to utilise...
CSR. It shows that businesses are motivated by their own self-interest, rather than being motivated by acting in a way that is responsible, or a way that repairs the damage that they maybe fully or partially responsible for.

However, there are a number of issues that I have with the aforementioned research. Firstly, the analysis and data was obtained via each respective company’s website. This means that the information gathered has been geared towards its users in an attempt to portray positive information. Coupland (forthcoming, p. 2) also believes that web sites “function as manipulative, or conscious, examples of talk and text.” Similarly, the source of this research describes what the business has done, and it does not necessarily describe “why” it has done it (Woodward, Edwards, & Birkin, 2001). Mere description is of limited use. The description of actions does not provide the same level of understanding as explaining why they occur. To effectively “explain” and understand, one must go beyond description and examine the pressures, motivations, beliefs and values, and apparent structures of power. Engaging directly with management may allow for more honest and open discussion, especially if confidentiality is assured, also there is more chance of attaining management’s motivations. Secondly, this research was undertaken with narrow business views of CSR as a tool to legitimise businesses operations, with also a narrow stakeholder group. For example:

Businesses are not responsible toward society in general, but only toward their stakeholders.

CSR has principles and processes in place to minimize its negative impacts and maximize its positive impacts on selected stakeholder issues (Maignan & Ralston, 2002, p. 498).

As will be seen below, social accountants would disagree with the limited stakeholder view and would question the legitimacy motivations for adopting CSR.

Other research in this area considers the benefits of the discretionary disclosure and the medium in which CSR is usually communicated. A number of studies found that discretionary disclosure increases demand for a businesses securities, thus lowering its
cost of capital (Benston, 1986; Diamond, 1985; Dye, 1985; Fishman & Hagerty, 1989; Land & Lundholm, 1993 (cited in Gelb & Strawser; 2001)). However, Botosan (1997 (cited in Gelb & Strawser; 2001)) found that these discretionary disclosures only lowered the cost of capital with businesses that had a low analyst following. Further, this research does not consider stakeholders outside business analysts. Stakeholder groups such as the community, employees, consumers, suppliers, government, supplier, and the environment, all important players in CSR, are not given sufficient consideration. Issues of to whom and how CSR is directed is not assessed. Similarly, the right to this information, the quality and extent of this information, and the enforceability of providing information is not considered. Thus, the business literature does not provide a sufficient explanation as to the effects of CSR disclosure.

This type of empirical research is the more traditional approach that emanates from the business literature. It is very much concerned with a “what’s in it for my business” approach (Brown & Fraser, 2004). In a World Business Council for Sustainable Development (WBCSD) research piece, there are a number of benefits identified from CSR that can accrue to businesses. These include:

- Alignment of corporate goals with society;
- Alignment of corporate goals with management;
- Maintaining the businesses reputation;
- Secure its license to operate (social contract);
- Reducing risks; and
- Enhancing business image (WBCSD, 2000).

These benefits illustrate the enlightened self-interested nature of the business conception of CSR (Henderson, 2001).

Gray, Kouhy, & Lavers (1995) in their review of CSR literature summarised some of the empirical findings. Such findings include that:

- There appears to be no relationship between the profitability of the business and CSR in the short run;
The size of a business is related to CSR. The bigger the firm, the more likely and the greater the amount of CSR;

- The industry affects the quantity and quality of CSR;
- A businesses country of origin has a significant effect on CSR.

Other empirical findings from other studies include:

- Customers prefer to purchase from good corporate citizens (Quazi & O’Brien, 2000);
- Three-quarters of US investors consider CSR before investing (DeTienne & Lewis, 2005);
- The quality of corporate social reporting has not improved (Knox et al., 2005);
- and

- The reporting of CSR portrays largely/exclusively positive information about a business, leaving negative issues unreported and unconsidered (Adams, 2004; Deegan & Rankin, 1996; Hackston & Milne, 1996; Owen et al., 2000; Tsang, 1998).

Some research emanating from the business literature espouses the use of CSR in a business marketing or public relations (PR) campaign. McAlister & Ferrell (2002) analyse the use of strategic philanthropy in marketing strategies. They define strategic philanthropy as “the synergistic use of organisational core competencies and resources to address key stakeholders’ interests and to achieve both organisational and social benefits” (p.690, emphasis added). Note the identification of a narrow group of “key stakeholders” as opposed to wider society. Strategic philanthropy is benevolent only to its key stakeholders and the organisational “giving” is restricted to what a business produces or specialises in. Three weaknesses here include the narrow perception of responsibility, restricting philanthropy to areas that a business operates in, and restricting activities to those in line with the operational goals of an entity. Corporate philanthropy can be considered a weak attempt at CSR. Giving money is a lot easier than identifying and fixing the negative consequences of firms’ actions (Watson & MacKay, 2003). Furthermore, a business is more likely to give money after they have made a profit. This generally requires less effort than operating in a non-exploitive manner from the firms’ inception (Molisa, 2006). The damage from
operations is already likely to have occurred before a business takes action in attempt to remedy their impacts.

However, not all business literature and research accepts the self-interested motivations of corporations. L’Etang (1994) states that a “corporation motivated by self-interest is unlikely to give full consideration to the needs and interests of a recipient” (p. 118). Also, L’Etang espouses a Kantian view that the use of CSR in a PR campaign raises moral problems as it may use people/organisations/groups as a means to an end for the achievement of the goals of the business. L’Etang further criticises the reactive actions from businesses and she believes that they should rather be identifying their own impacts and acting on these accordingly. This rare insight from the business literature shows that there is some resistance towards self-interested motivations that appear as a result of the structures of capitalism, however, this viewpoint is rarely backed up by the business perspective of CSR.

Alongside the business-case approach and its interest to use CSR as a tool for economic/company goals, is the desire for such a practice to remain free from regulation (see and compare Gallhofer & Haslam, 1997; Sarre, Doig & Fiedler, 2001). Sarre et al. (2001), in coming from the business perspective, sees regulation as a barrier to accountability as it only sets minimum legal standards. As an alternative, Sarre et al. (2001) prescribe that social responsibility be instilled as a business ethic in order to achieve more effective responsibility. This liberal perspective posits that legal coercion has its limits, and is further limited by its ex ante action. Gallhofer & Haslam (1997, p. 148), while preferring an interventionist approach, note that “the predominant attitude of business… is to prefer a voluntarist approach”. This may be so for multiple reasons, including inter alia, lower costs and the ability to control the CSR process.

The business perspective appears to have developed and perhaps matured since Friedman made his famous comments that the only responsibility a business had was to maximise its own value. Many businesses today actively participate in CSR and they perceive a responsibility that goes beyond that of merely just shareholder maximisation. However, as Friedman saw no place for CSR because it did not maximise shareholder value, businesses now adopt because it can achieve this. So has
anything changed? Increasing company value remains at the heart of the decision, but society is perhaps receiving more attention than Friedman would otherwise give.

**Social Accountants Perspective**

The social accounting perspective nests itself somewhere between the business and critical perspectives (Bebbington, 1997). Social accountants attempt to critically engage with the economic interests of businesses and they believe that they can aid the liberation and empowerment of the wider society (Bebbington, 1997; Gray et al., 1996, 1997; Mathews, 1997; O’Dwyer, 2003). They believe that “accounting should be evaluated in terms of its contribution to a notion of social well-being” (Cooper, Taylor, Smith, & Catchpole, 2005).

By engaging with businesses, social accounting (CSR is considered to be part of social accounting) attempts to enhance the accountability, responsibility and transparency of business operations, therefore leading to reduction in inequalities and injustices that arguably exist (Bebbington, 1997; Gray et al., 1996, Lehman, 1999). It aims to transform current business practice through engaging with the current mode of business operation (O’Dwyer, 2003). Such a perspective promotes the argument that inequities and damages caused by businesses can be controlled through the production of social accounts (Gray et al., 1997; Lehman, 1999). This perspective places belief in companies to act as a key agent in the pursuit of social change, with the aid of the state in the form of regulation/standards (Bebbington, Gray, & Owen, 1999; Gallhofer & Haslam, 1997; Gray et al., 1996, 1997; Lehman, 1999). Further, it recognises the plurality of the different interests within society, and whilst agreeing that these interests conflict, it is believed that an acceptable solution exists (Gray et al., 1996; Lehman, 1999; Puxty, 1991).

Because the social accounting perspective has different underlying assumptions, beliefs and attitudes to the business perspective, CSR is defined differently. O’Dwyer (2003, p. 524) notes that CSR “focuses on an organisation’s duty or obligation to act in a socially responsible manner largely irrespective of narrow economic considerations".
Note that money is not the issue here, rather the responsibility and accountability to wider society is considered to be most important. Social accountants attempt to engage with businesses to persuade firms to exhibit a greater responsibility and accountability; however, there is much research in this area that alludes to economic self-interest underlying business motivations (see Gallhofer & Haslam, 1997; Gray, 2002; O’Dwyer, 2002, 2003; Owen et al., 2000). This trend perhaps validates the arguments from the Critical perspectives side (explained below) that this form of engagement only helps to legitimise the current capitalist hegemony (see Lehman, 1999; Puxty, 1991; Welford, 1998).

Within the social accounting paradigm there is a diverse range of perspectives and approaches, and the above explanation of social accountants may not adequately explain the motives and approaches of all “social accountants” (O’Dwyer, 2003).

Research from this area draws from and tests many theories. Some of these include; legitimacy theory (Adams, Hill & Roberts, 1998; Deegan, Rankin & Tobin, 2002; Neu et al., 1998; O’Dwyer, 2002; Tsang, 1998), social contract theory (Gray, Owen, & Maunders, 1987), political economy theory (Campbell, 2000; Gray et al., 1996; Woodward et al., 2001; Spence & Carqués, 2006), stakeholder theory, institutional theory, and media agenda setting theory (Deegan et al., 2002). These theories can help explain the actions a business makes with respect to adopting CSR practices and they are all inter-related or linked in some way (Deegan, 2002; Bansal, 2005; Gray et al., 1996; Mathews, 1997; O’Donovan, 2002; Wilmhurst & Frost, 2000).

Legitimacy theory argues that for a business to operate in society, the public must perceive the organisations’ values to be congruent with that of the communities (Gray et al., 1996; Deegan, 2002). A state of legitimacy can be described as:

A condition or status which exists when an entity’s value system is congruent with the value system of the larger social system of which the entity is part of. When a disparity, actual or potential, exists between the two value systems, there is a threat to the entity’s legitimacy (Lindblom, 1994, p.2 cited in Deegan, 2002, p. 293).
Legitimacy is a generalised 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).

This theory can be (and often is) used to explain why organisations behave (or attempt to behave) in a socially responsible manner. The study and use of legitimacy theory is very evident in the current literature with some studies supporting its explanatory usefulness, some denying it, and some questioning the motives behind attaining the state of legitimacy (Bansal, 2005; Deegan, 2002; Deegan et al., 2002; Guthrie & Parker, 1989; Gray et al., 1996; Mobus, 2005; O’Donovan, 2002; Puxty, 1991).

If society’s values contrast with that of a business, the businesses’ actions are not considered legitimate. This exposes the business to risks that are detrimental to its ability to operate in the future (Deegan et al., 2002). These risks may involve inter alia, customer boycott, employee strikes, bad publicity, activist action, government regulation or litigation. This interaction between society and business can be explained through the notion of social contract. Social contract is based on the premise that where a business is not operating within societies expectations, society may prevent them from operating, thus removing the social contract between business and society (LaFrance & Lehmann, 2005; Soloman & Lewis, 2002). Thus, business management may believe that in order to operate without hassles from society, they may have a need to convince the public that they share the same values and that they do act socially responsibly. Social contract is at the heart of legitimacy theory (Deegan, 2002; Spence & Francisco, 2006).

Woodward et al. (2001) perceive organisational legitimacy theory (OL) and the political economy theory of accounting (PE) as alternative explanations for the motives behind CSR. In the first instance, society pressures the company to react to their concerns, and in the second instance, management “take the initiative to wrest control of relevant agenda away from society at large” (p. 363). It appears that these explanations are congruent to the reactive and proactive self-interests explained by O’Dwyer (2003). Spence & Carqués (2006) describe Woodward et al.’s. (2001) use of political economy theory as being Marxist-inspired. This is because businesses are perceived to adopt social and environmental reporting (SER) to justify their activities
and the system within which they operate. Woodward et al.’s study was an examination of how executives from eight large British companies viewed CSR. They found evidence supporting both the above perspectives and therefore could not determine which one was predominant.

Their research lead to the construction of the below flow diagram that describes the interplay between businesses seeking legitimacy (reactive) and then when they attempt to shape and alter societies perceptions of them (proactive).

![Diagram](image)

**Figure 1: Relationship between OL and PE - Modified from Woodward et al. (2001)**

Managers would attempt to legitimise their operations when a societal concern is raised through reacting to the issue. However, the business increasingly becomes more proactive as the issue becomes more salient and as it attempts to shape society’s perceptions. As the state of legitimacy is never stationary (Deegan et al., 2002), new concerns will arise that businesses will need to react to. This diagram shows that the results of this study are similar to O’Dwyer’s (and others) work, insofar as economic self-interest remains at the heart of managements concerns.
The above work from Woodward et al. (2001) appears to have over simplified both OL theory and PE theory (Spence & Carqués, 2006). One such simplification is how they describe OL as being an exclusively reactive process. The early and oft cited work from Linblom (1994) explains that legitimacy theory can be both reactive and proactive. An organisation may attempt to make corporate values congruent with societies by reacting to pressures, or by proactively attempting to change the society’s expectations (Mobus, 2005; Spence & Carqués, 2006). Further, Woodward et al. (2001) assume that all proactive disclosures represent a political economy approach. However, this has been described in other studies as also being reactive (Guthrie & Parker, 1990; Kuasirkun & Sherer, 2004; Tinker & Neimark, 1987).

However, Woodward et al., (2001) research examines CSR through the lens of specific theories i.e. organisational legitimacy, agency, and political economy of accounting theory. These theories have narrowed the potential findings of this research, thus my research does not apply a specific theory to its results. Moreover, Woodward et al. research made use of only eight firms. This research uses information gathered from 15 firms. The extra companies studied do not add any external validity or generalisability to these results; rather they provide us with a deeper insight into manager’s perceptions of CSR.

Tilt (1994) examined the external pressures influencing corporate social disclosure (CSD). Points of focus lay in whether pressure groups use CSD, how pressure groups use CSD, how (if) they exert pressure, and if they believe that legislation or standards should be developed to enforce a minimum level of disclosure. Of the pressure groups that responded, 71% received information from companies, 52% actively sought this information, and 82% had read some form of CSD. Similarly, all of the pressure groups that responded exerted pressure on companies through lobbying on government bodies and 92% of respondents believed that regulation was needed. Another research finding was that the pressure groups found that CSD was lacking credibility and was insufficient with only 19% of respondents being content with the information supplied.

While this research provides a valuable insight into the external pressures that management face, it does not explain their mindset or their motivations behind the
implementation of CSR practices. Understanding how these pressures use information is perhaps not as important, when change is desired, as understanding how these pressures influence business decisions. Understanding managers’ mindsets may be more conducive to inciting change than merely understanding what the external pressures are and how these pressures receive/use the information given to them by management (as in Tilt, 1994). Through studying the key business decision makers, it allows one to assess what compels them to make the decisions that they make. Therefore, it makes it possible to examine the extent of which the structures provided by capitalism determine their actions, behaviours and beliefs.

Research based on internal organisational factors influencing CSR has not been extensively undertaken by academics. One such study that has arisen is that of Adams (2002), where the internal organisational factors’ influencing corporate social and ethical reporting was studied. While this research focuses on the reporting of CSR (CSD), its findings remain relevant and useful. The impetus behind her research is similar to the motivations behind this study, and that of other research in this field. This impetus is the desire for companies to become more accountable for their social and environmental impacts, where current business attempts are not deemed sufficient or genuine enough to represent ‘true’ accountability and responsibility. To be truly accountable and responsible, a firm should recognise the full extent of the impacts they have on society and the environment. In recognising their impacts, they must also take action towards minimising their effects, and accept that the costs of doing so may involve spending money with no economical return. Responsibility and accountability that has the condition of shareholder wealth maximisation is not ‘true’ accountability or responsibility. Shearer (2002) further depicts this point of view when stating that “accountability cannot be restricted to self-interest because the fact of the accountability creates an identity that is answerable to the social good” (p. 557). Where self-interest is the motivator, it is the corporations own private good which is of concern, not the greater good of society. Shearer (2002) further posits that “[i]f we are to succeed in holding economic entities accountable to “wider human and environmental purposes,” then, we must have some way of marking these purposes as distinct from the self-interests of the economic entity” (p. 559, emphasis in original).
I would tend to agree with Shearer. While also recognising that we need to make these “wider human and environmental purposes” not only distinct from economic self-interest, but they must also be capable of enforcement. In an economic system that makes profitability and capital accumulation not only desirable but a necessity, how can we—privilege—these wider purposes be privileged without calling into questioning the very logic that our economic system is structured on?

Adams (2002) interviewed seven multinational companies that operated in the chemical and pharmaceutical industry. She found that the companies interviewed considered shareholders and employees to be the most important stakeholder groups, with the greater community judged as less important. Another finding was that the main motivation for reporting was its ability to enhance corporate image and credibility. Furthermore, managers from these firms generally believed that reporting bad news added credibility, albeit only to a point. This means that an element of bad news may have been included in the reports to aid credibility; however this also means that any further (perhaps more) important negative news could be excluded from the report. This is hardly an honourable or accountable motivation and it reinforces the arguments of those who question businesses motivations behind CSR and reporting.

Adams uses a much narrower and defined group of respondents than that used for this study. The firms under investigation in Adams’ study are in a particularly sensitive industry where their every action is questioned. My research on the other hand, analyses business from an array of industries, thus arguably providing a more balanced view.

O’Dwyer (2003) was successful in illustrating the capture of CSR in Ireland. Capture is an inevitable risk that social accountants have to face. They are aware of it, abhor it, and although they believe it can be avoided, I have not seen any research to equivocally suggest that this is apparent to date. O’Dwyer & Owen (2005, p. 209) state that “managerial capture is an anathema to the democratic ideals that should underpin this form of reporting and threatens to marginalise the very stakeholder groups that could best be served by these reporting processes”. Owen et al. (2000) concur with this view. Capture robs the empowering potential of social and
environmental accounting (which CSR is a part of) and turns it into something that businesses can manage without significantly altering their practice (Bebbington, 1997).

Managerial capture has been identified in the works of many other authors (Ball, Owen, & Gray, 2000; Gallhofer & Haslam, 1997; Gray et al., 1997; Owen et al., 2000; Power, 1997). These authors report managerial capture to be all too evident in social audits, social and environmental accounting, and social and environmental reporting. Managerial capture is very evident in the research from this area, however it is believed that this capture can be avoided (Bebbington, 1997). Although, methods to avoid this capture are not forthcoming in the literature apart from calls for regulation (Gallhofer & Haslam, 1997), which itself, can easily capture social accounting actions.

Owen et al. (2000) conducted 18 interviews with people involved in the practice and study of social audit. The responses given in these interviews presented concern for the degree of stakeholder accountability that social audits were achieving. It was commonly viewed that social audits appeared to be more concerned with stakeholder management than accountability (see Brown & Fraser, 2004). The desired outcome of transparency and accountability had become infused into and superceded by the economic motivations of businesses, thus illustrating that social audits have been affected by managerial capture. Owen et al. (2000, p. 86) present this by stating that if the:

social audit is captured by management then the process will most certainly be shallow, reactive and proceed to diminish the meaning of corporate social responsibility and accountability.

And further cement this by stating:

managerial capture may also result in over-inflated promises of accountability to an all-encompassing and essentially meaningless set of ‘stakeholders’ (p. 85).

While it appears that research in this area calls for some sort of regulation, the literature does not unequivocally state a preference. Owen et al. (2000) believe
regulation should be instilled after stakeholders have attained a more participatory role in corporate governance. Whilst, Gallhofer & Haslam (1997) make a case for substantive interventionist regulation citing that current voluntary attempts are disappointing and one-sided, and that state regulation for social accounting can serve the best interests of the community. However, Power (1991), Maunders & Burritt (1991), Gray (1992), Gray, Bebbington, & Walters (1993), and Owen (1992) have stated a preference that is anti-interventionist in the green accounting area (Gallhofer & Haslam, 1997).

These differing opinions illustrate the uncertainty within the social accounting paradigm/literature, concerning the role played by state. There are many perspectives concerning the role of CSR in the accounting literature. Some perspectives fail to consider the role played by the state,\(^2\) while others view it as a benevolent neutral power that will act in the best interests of society. For example, Gallhofer & Haslam (1997) believe that without intervention from the state, the prevailing outcome would be a voluntarist approach, which is closely aligned with that preferred by businesses. Businesses generally prefer not to be regulated as this often threatens their profit oriented goals. In making the case for “substantive intervention”, Gallhofer & Haslam believe that state regulation can effectively make business practices visible and that the state will take action that is in the best interests of society. It is anticipated that the state will not be influenced by the power and money of powerful corporations and multi-national companies, and that state is neutral.\(^3\)

The authors mentioned above, who prefer an anti-interventionist approach to SEA, believe that in creating accounting standards and regulations, the oppressive and immoral economics that inform them will only help in contributing to further demise in societal equity and environmental degradation (Maunders & Burritt, 1991; Power, 1991; see discussion in Gallhofer & Haslam, 1998). These authors do not necessarily concern themselves with the role played by the state. Rather, they are concerned with how regulation that is based on the same economic principles as business can lead to

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\(^2\) Lehman (2001) criticises the SEA literature for under theorizing the role of the state and because it often fails to “consider how contradictory social relations are handled in communities” (p.719).

\(^3\) Gallhofer & Haslam (1997) are aware of, and warn against “middle of the road” thinking and believe that if the regulation is explicitly radical, capture and middle road compromise can be avoided.
social and environmental change (Power, 1997). Furthermore, they believe that change can be achieved through achieving overlapping consensus within the accounting profession (see Lehman, 2001). The role of the state is generally under-theorised, and this receives critique from the Critical accounting school of thought (see Lehman, 2001 and Tinker et al., 1991).

The literature from the Critical perspective views the state with less trust and credibility. Tinker et al. (1991) and Puxty (1991) espouse concern with the ability of the state to remain free of influence from the powerful interests of corporations (Lehman, 2001). They view the state as a puppet of the capital interests of business.

The social accounting perspective aims to engage effectively with business. However, there is an inherent conflict between the social accountant’s attempts at achieving organisational transparency, accountability and responsibility, and the profit motivated interests of businesses. In a battle of power and influence, it appears that businesses and their profit motives win more often than not. The critical theorist perspective identifies this conflict, and believes that engagement in most cases will lead to the legitimation of business practices (Puxty, 1991).

**Critical Theorist Perspective**

The Critical perspective (also known as the radical perspective (Mathews, 1997)) is another lens through which CSR can be examined. There is little research specifically covering CSR from this perspective, however its view of CSR would appear to be anything but favourable given its perceptions of social and environmental accounting.

Critical theory originated out from the work of Karl Marx (however, critical theory does not have to be Marxist) and was developed by the Frankfurt School (Crotty, 1998). Research in this field identifies and examines structures, power relationships and oppression/domination within society and it seeks to change the status quo (Chua, 1986; Crotty, 1998). This perspective holds a certain disdain for the status quo and attempts to seek radical change through emancipating and empowering the powerless or oppressed. Chua states that “human potentiality is restricted by prevailing systems of domination which alienate people from self reali[s]ation” (Chua, 1986, p. 619).
This concept is not restricted to people, as it can also concern the protection of the environment. Marx perceived that the role of philosophy is not only to describe the world, but also to change it (Crotty, 1998). This is how a critical theorist may perceive their role.

Critical theorists challenge the status quo and the structures that are currently prevalent. Capitalism is often identified as providing the structures and frameworks that dominate and oppress others through its narrow goals of shareholder wealth maximisation and maximisation of returns on investments (Davis, 1973; Lehman, 1999). Welford (1998, p.1) notes that capitalism “[contributes] significantly to environmental degradation and increases inequity and inequality” in this world. Thus, if such structures are left in place, critical theorists will continue to critique and criticise the ideas emanating from the social accountants perspective as it represents no significant challenge to the status quo, therefore no progress is made (Puxty, 1991).

Practitioners of Critical theory in accounting question the effectiveness of the social accounting project as a concept. As per Puxty (1991, p. 37):

> it leaves the basic structures in place, and can even lead to their legitimisation since the powerful can point to their existence as evidence of their openness in listening to criticism, it paves the way for … the extension of power

Puxty (1991) further sees legitimisation as “innocuous” and “harmful”, “it acts as a barrier to enlightenment and hence progress” (p.39).

Another area in which the Critical perspective is at odds with the social accountants is in the concept of plurality (Cooper et al., 2005). Pluralism or neo-pluralism (Gray et al., 1996) includes taking into account the needs and wants of all stakeholders and finding an efficient outcome. However, the critical perspective acknowledges that these stakeholders have powers that vary enormously and that these concentrations of power can significantly affect the outcome (Puxty, 1991; Tinker, Lehman, Neimark, 1991).
Because social accounting and CSR are pluralist (neo) and leave the current structures of capitalism in place, they are subject to criticism and scepticism from the Critical perspective. Lehman (1999) expresses a staunch critical perspective with respects to CSR (and SEA) when he states “social and environmental accounting frameworks have the potential to perpetuate the destruction of the natural world that they are meant to protect” (1999, p.221). Further, the plurality espoused by the social accountants assumes a neutral role for the government, which these days is heavily influenced by the interests of powerful corporations (Tinker et al., 1991).

Managerial capture from this view is expected since the structures of capitalism are left in place. Capture of SEA is only successful in legitimating those in power, thus it receives the negative critique of this way of thinking/researching.

However, this perspective can be criticised because it can be too radical. For some of its ideas to come to fruition, a revolution may be necessary. Nevertheless, this form of social critique is needed in today’s society. This type of thinking challenges the status quo, which without such critique, will immanently be static.

The three aforementioned perspectives in which one may view or research CSR do have their conflicts and similarities. For example, some proponents of the business perspective will agree with proponents from the critical perspective with regards to business role in CSR. Critical theorists believe that such a process will just assist them in legitimating their activities, and some business proponents (i.e. Friedman) see no role for CSR in businesses. While both may have differing reasons for non-adoption, the required end result would be the same.

However, proponents of Critical theory are aware of the inherent contradictions and failings of the neoclassical economics that underlie Friedman’s perspective and that also underlie and inform mainstream accounting practice and research today. This reliance on neoclassical economics limits the scope of accountability required from businesses (Shearer, 2002). Neoclassical economics is based on notions such as
rational choice, the separation of a subject from its external environment,\(^4\) and the belief that maximising one’s own self-interest will lead to the maximisation of the collective good (Ibid). It is “characterised by an overriding concern with the individual, conceived in isolation from the social, political, and economic institutions in which [it] exists” (Ibid, p. 547). However, it is apparent that not all actions can be explained through cost-benefit (rational choice) analysis. Further, an individual does not merely participate with the world, they also play an active part in defining/constructing it.\(^5\) Additionally, it is apparent that when businesses act to maximise their own self-interest, the collective good is not necessarily maximised.

The theory of neoclassical economics and its application in capitalist society contributes significantly to social inequity, social inequality, and environmental degradation (Welford, 1998). In the words of Maunders & Burritt (1991, p.22) “economics as a discipline is amoral” (emphasis in original).

Another apparent similarity is that both the social accountants and the Critical theorists desire some form of change. Social accountants believe that businesses can change their actions and reporting to become more transparent and accountable. The Critical theorists desire a more radical form of change where they challenge structures inherent in society (see Puxty, 1991 and Welford, 1998).

Cooper et al. (2005) view some social accounting as a “pro-business approach” (p. 953) and believe that SEA is incapable of fulfilling a social accountability function. These arguments are based on the premise that social accountants come from “incommensurable points of view” concerning businesses (p.954) and that the inherent neo-pluralism does not adequately address power relations in society (Puxty, 1991). The degree of social change desired varies widely within the social accounting literature with some research bordering on the same ontology/epistemology as ‘Positive accounting’ (Cooper et al., 2005). Puxty (1991) further expressed a concern that “CSR as currently understood could not claim to form a basis for an improvement in social communication” (p.42).

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\(^4\) That is, an individual is examined in isolation from the political, social, and economic institutions in which they exist (Shearer, 2002).

\(^5\) This goes for theory as well. Theory may not only attempt describe the world, but in doing so it may also participate in its shaping (Gray, 1992).
The three perspectives identified and discussed above definitely are not mutually exclusive and do have some form of overlap. If a continuum could be drawn from the business perspective through to the critical perspective (with social accounting in the middle) this research would posit itself somewhere between the social accountants and the Critical perspectives. It recognises that firms must change to become more accountable and responsible, whilst identifying the structures imposed by capitalism makes it hard for them to do so.

**Why Research CSR in NZ?**

I am undertaking this research primarily for two reasons. First, this research fills a gap in the literature concerning New Zealand, CSR and managerial perceptions. This research hopes to provide a valuable insight into how our managers perceive their CSR. Second, I believe that the protection of our natural environment and societal equity are two worthy causes. In an increasingly globalised world, the corporate community needs to acknowledge that even business-as-usual now encompasses a wide range of stakeholders, both business-related and societal. Negative effects of business on the environment and social spheres are more noticeable than ever. The growth of civil society, both in New Zealand and globally, has placed new demands on corporate accountability.

**Research Process**

**Method**

The method of data collection for this research was via a mail-out questionnaire. However, before I describe the questionnaire that I used to collect the information for my research, it is instructive to first discuss my view on the nature of knowledge and how this feeds through to the research method used (qualitative questionnaire).

I believe that the world within which we live, and the knowledge and meaning which make up this reality is socially constructed (Crotty, 1998). Therefore, my epistemology is social constructionism. I believe that humans create meaning through
interacting with each other, objects, and symbols. In doing so, knowledge and meaning is constructed. When individuals interact with an object, they are not only participating in reality, they are also playing a part in defining and constructing it (Crotty, 1998). In turn, an inter-subjective objective reality is created where individuals act upon their socially constructed knowledge/ideas/symbols so that they become “objective”. Humans create meaning that becomes widely accepted and they further act upon this as though it is “real”. This epistemology differs from objectivism, which is another epistemology. Objectivism maintains that humans are born into a world of meaning that is waiting to be discovered. This is quite different to the constructionism belief that meaning is constructed. This distinction between these two epistemologies is important, as this can justify my research methods and the type of questioning employed.

The questions in my survey were designed to seek managerial perceptions of CSR in a small sample of New Zealand corporations. It seeks to provide an insight, rather than uncovering an ‘external objective truth’ surrounding New Zealand and CSR. While examining the subjective notions of managers, I am able to identify concepts of inter-subjective objective reality that have been reified through human action and interaction (i.e. capitalism and the profit maximisation). Therefore this insight into CSR in New Zealand can be helpful in identifying structures that bind business behaviour. This means that the insight sought from this research can identify the apparent ‘objective’ structures that direct business behaviour.

Therefore, to examine these subjective conceptions a survey was employed to seek qualitative information which is not easily quantified. Where the information is simplified into a quantitative state, I accept that the numbers do not reflect reality or that they can be extrapolated to represent the entire population of New Zealand companies. Quantifying the responses can oversimplify the research subjects (Denzin & Lincoln, 2005) through “apply[ing] the methods of the natural sciences to the social science and obtain a meaningful result” (Puxty, 1993, p. 56). Where a positivist researcher may use quantification to represent reality, I use them as an aid in describing and explaining my findings.
The questionnaire contained 15 open ended questions, and was sent to the 164 company executives of companies listed on the New Zealand Stock Exchange.\(^6\) Whilst there were 182 listed companies as of 31\(^{st}\) March 2006, some of these companies were based overseas. These companies did not receive a survey as it is the opinion of New Zealand executives being sought. Furthermore, cost restraints and time restraints were a factor.\(^7\) The questions that made up the survey were based on the questions used by O’Dwyer in his study with the inclusion of further questions based on some of the findings mentioned in the literature review section.\(^8\)

This method differs from that employed by O’Dwyer (2003) who ran in depth interviews with 29 senior executives from Irish Public Listed companies. I recognise that an interview process would have been the preferable method for this research as responses could be followed up and clarification could be sought. Furthermore, respondents’ queries could be dealt with on the spot or the questions could be adjusted if the interview method was used (Cavana, Delahaye, & Sekaran, 2001). Also the honesty and integrity of the responses could be gauged and questioned if doubted. However, time and skill\(^9\) restrictions meant that this method was not possible. The next best alternative, a mail out survey, was the chosen data collection device.

The member companies of the New Zealand Stock Exchange were chosen as the survey targets for a number of reasons. First, O’Dwyer (2003) had used Public Listed Companies (plc). This meant that there may be an element of comparability to his study, however I do note that comparability is not the objective here, rather the intention to gain an insight into New Zealand’s opinions on this subject. Second, listed companies are generally the better performing and bigger businesses in New Zealand. This may mean (though not necessarily) that these companies have a bigger effect and impact on society and that they may also have the resources to repair their

\(^{6}\) Each survey was addressed to either the chief executive, managing director or chairman of each firm depending on the title used for the company head as identified by the Companies Office database.

\(^{7}\) In addition, if an executive was involved with greater than one organisation, they would only receive one survey; for example: Donald Trow for example, was involved with four NZX organisations and only received one survey.

\(^{8}\) Refer to APPENDIX A for the survey questions.

\(^{9}\) I note skill as a restriction because I have not had previous experience or exposure to the research interview process. Such inexperience may have lead to leading questions and follow-up questions being asked. Similarly, inexperience could have lead to the collection of insufficient information in terms of quality and quantity.
impacts and improve society as a whole. These companies are also exposed to a high level of financial analysis and investigation. Exploring the social side of these entities can provide us with information and knowledge that is not normally exposed to the same level of scrutiny as the financial operations of a business.

The survey guaranteed anonymity, allowing the respondents to reply honestly and openly without fear of any repercussions through either the researcher or through the direct reporting and identification of their thoughts within this document. As well as allowing for anonymity, the questionnaire informed the respondents of its purpose. The questionnaire was not designed to pursue an objective truth. It was made clear that no right or wrong answers were being sought, and that it was the respondents' subjective and personal opinions about CSR that were being sought. Some respondents voluntarily identified themselves and some requested an electronic form of survey to be sent to them.

The accumulation of these subjective answers may well illustrate current constructed structures and the powers that form the current inter-subjective objective reality. It is expected that the respondents will see some conflict between the goals of CSR and the goals of business (shareholder wealth maximisation). The ambitions of business and the structures in place represent a human construction, which through the process of time and human interaction has become real. This means that this research employs a constructionist epistemology and critical inquiry as its general theoretical perspective. This research process allows us to examine the human subjects as well as the structures surrounding them (Chua, 1986).

Also inherent in the research process and its goals, is the desire for change. If the needs of the shareholders are impeding a business from accepting full responsibility for their actions and from allowing them to help those less fortunate than them, something must be done to see this change.

Evidence Analysis

The method of data collection was a survey that sought qualitative evidence of how New Zealand’s senior executives perceived CSR. Because of this qualitative nature,
the responses generally lacked the potential for easy quantification. This meant that when responses were analysed, patterns and common themes had to be identified to be able to present the results of this study and to gain an understanding of the research targets (Cavana et al., 2001). Therefore, the survey responses were read numerous times and were also entered into an excel spreadsheet for legibility reasons and ease of reference. After evaluating the replies several key themes were identified and the responses were reviewed again while I attached comments and opinions to these themes. The themes will be discussed as follows; proactive enlightened self-interest, reactive enlightened self-interest, duties/obligations, link with public relations, legitimacy and social contracting theory, managerial capture, denial, and CSR definition.

**Results**

As this research is based around that of O'Dwyer (2003), it is instructive to start my analysis with the themes covered in his research; namely proactive enlightened self-interest, reactive enlightened self-interest, and obligations/duties. In total 25 responses were received from the sample, however 10 of these were signalling the companies intention not to complete the survey due certain circumstances or because they were incomplete. This left 15 responses that usable for the purposes of this research.

**Proactive Enlightened Self-Interest**

As previously stated, proactive enlightened self-interest (PESI) is the “voluntary recognition of corporate social responsibilities by companies as long as this enhanced or failed to inhibit corporate economic welfare” (O’Dwyer, 2003, p. 533). The PESI theme was identified when a motivation behind a company adopting CSR was because it enhanced their economic welfare or failed to hinder it. This theme was also identified when non-adopting companies were asked why other firms would adopt. Furthermore, through assessing how much a company would pay in being CSR, PESI motivations could be identified, particularly where a cost benefit analysis involved. It is easy to identify PESI when cost-benefit analysis is used as a company will not adopt a CSR programme if the benefits (ultimately financial) do not outweigh the cost.
From the 15 usable survey replies, four had formal CSR programmes. Another six companies noted that although they did not have a formal programme, they believed that they were operating in CSR manner as their values were reflected by society (R10), they considered CSR in their business decisions (R3; R4), or they believed that their code of ethics was sufficient (R9). Of the four companies that had formal CSR programmes, all four portrayed the PESI rationale when describing their adoption of CSR.

Monetary considerations are the biggest factor. If companies believe that the cost of a CSR programme outweighs the benefits, then they will be reluctant introduce one…All costs need to be put into perspective against profits/benefits, otherwise the business would go under (R8).

This comment illustrates the cost-benefit analysis as discussed above. The heart of the issue for this respondent is that if the act of being socially responsible is not economically viable, the option of being responsible is not considered necessary. These economic benefits may be in the form of short term benefits such as increased revenue/sales (R1), or long term benefits:

The main benefit is enhancing survival. In addition, shareholders, employees and customers feel better about a business that is seen not to be breaching community standards. Once again, this is all a matter of self-interest for corporations. I am not in favour of my company developing a formal programme in this area (R13).

This respondent refers to the long term interests that underlie a company’s decision to adopt CSR practices. By using CSR practices, a company can avoid disputes, lobbies, and negative publicity that may impact the longevity and future viability of their business (R15). Therefore, the adoption of CSR may help the business to avoid such threats. The PESI theme was further illustrated and perhaps confirmed within this reply:

We identify what we would like to do, cost that, and seek board approval for the expenditure… It is not viable to engage in things that are not commercially viable otherwise why be in business (R6).
The responses from the key executives of New Zealand’s companies paint the picture of CSR as something that they would only pursue if it was a good business decision. The responses clearly demonstrate that these managers are actively asking themselves “what’s in it for my business?” (Brown & Fraser, 2004). The answer to this question, depending on a company’s situation, plays an active role in their decision to integrate CSR into their business practices.

From the companies with no formal CSR programme, six had identified that the PESI rationale would determine whether they or other firms would decide to implement a CSR activity. From the five other replies it was hard to establish whether such a motivation was present or not as their answers were limited in terms of their content, which is a limitation of the chosen data collection method. However, none of the respondents appeared to explicitly or implicitly reject the notion of PESI in their replies. Their silence on this issue cannot be used to prove or disprove the PESI perceptions of New Zealand’s managers.

One of the managers whose company did not have a formal programme, but did partake in occasional CSR activities, portrayed this PESI when he stated that when his company came to make CSR decisions, “proportion of profits and potential gains from spending the $ in such a way” was the key determining factor (R5).

These results show that in the little group who did reply, ten definitely made reference to PESI either when identifying why other firms adopt CSR or alternatively when making their own decisions to adopt CSR. O’Dwyer (2003) found similar results as many of the managers from Ireland operated under the PESI rationale when examining CSR. O’Dwyer (2003) had also found pockets of resistance to this approach, however only one such instance of defiance was evident from the replies of NZ’s managers.

This resistance came from R10 who had stated that, “I have never in 25 years seen a conflict in doing the right thing and building a successful company”. Without
revealing what industry this company operates in, it can be said that such a statement would provide peace of mind to society. This comment provides a positive response as the manager has identified that the interests of society are of great importance, and has not just considered the interests of the company. However, this response did not allude to a circumstance where the right thing to do was not in the best interests of the company. This perhaps illustrates the limitation of the survey as the method of data collection as this response could not be questioned further or challenged.

Managers perceived the following benefits from pursuing CSR: positive impact on profit, provides “license to operate”, builds image, marketing benefits, maintenance of the environment, good PR, employee retention, improved customer relations, community becomes more receptive to growth, respect, view of self satisfaction, greater sales, investor loyalty, avoid regulation, brand protection, higher quality goods, peace of mind, enhancing survival, resource consents easier to attain, minimises risks of lobbying, and helps to attain customers. As you can see, this is a sizeable collection of the perceived benefits accruing to the business.

Given these results, one could ask if CSR is only pursued when a profit can made. The further results discussed below will also beg the same question, and it will be discussed in detail.

Reactive Enlightened Self-Interest

While managers may adopt CSR because it has the potential to enhance their image and profits, they may also adopt it because of the pressures applied by certain stakeholders. The aforementioned reactive enlightened self-interest (RESI) occurs when CSR activities are undertaken because of significant external pressure exerted from the community, media, government, or special interest groups (O’Dwyer, 2003).

Management’s perception of these pressures can offer valid contributions to illustrating capture. If the pressures are not welcome and become so significant that

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10 For the confidentiality reasons the industry will not be identified as this could reveal the corporations identity.
they cannot be ignored, capture can often be management’s response in order to deal with the encroachment of their economic interests (O’Dwyer, 2003). If the pressures are welcomed, management, it can be assumed, would be more likely to act in the intended way of the pressures (this being responsibly).

Like O’Dwyer I found mixed results within this rationale. Some respondents perceived external pressures disdainfully, some neutrally, some ignorantly, and others welcomed and embraced such pressures. Six out of 15 replies benevolently discussed social and political pressures. These external pressures were important because they were business “watchdogs” (R4), pushed businesses “in the desirable direction” (R8), and because they “keep the industry (and businesses generally) honest” (R15). It is refreshing and comforting to see that these managers perceive external pressures with respect and appreciation. It illustrates that they do consider the opinions of different pressure groups and that their point of views can be evaluated and heard. This appears to be a positive trend and as O’Dwyer (2003, p. 17) identifies, this may mean that managers are “less concerned at the potential threat to control… the CSR agenda [imposed by] external pressure[s]”. O’Dwyer believed this to represent a form of resistance to managerial capture of CSR.

In the vein of resistance alluded to above, one respondent stated that “social goals should be specified and pursued consistent with integrity and transparency are paramount” (R7). If social goals are pursued, society’s best interests can be served, all the while allowing the business to continue its operations. This manager’s perceptions appear to be in line with that of a social accountant, and therefore resistant to managerial capture. However, in describing how the entity decides how much it will spend on a CSR programme, the manager elaborates on a cost-benefit analysis, thus illustrating the self-interest component of the decision making process.

Only one respondent identified that they were adverse to the external pressure placed on his company. When asked how he/she felt to these external pressures and how they dealt with them, the respondent simply stated that they “ignore them” (R1). This respondent therefore portrays a negative perception of CSR in line with the sort of Milton Friedman attitude. This respondent’s view of CSR is that “social responsibility begins and ends with legal responsibility” (R1). I find it important to state that I did
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not expect such an answer. In review of the replies received, there appears to exist a view held by some firms that somewhat rejects a notion that firms should be socially responsible. This denial will be discussed further below. Moreover, there was only one reply that denied the existence of pressure.

Another respondent believed that pressures did exist but became “irrelevant if you are already behaving responsibly” (R6). This is an interesting conundrum. If a business is already socially responsible, will pressures still exist, and can they behave more responsibly? Further, is there a business in New Zealand that is truly transparent in its actions, responsible and accountable? This company identified themselves within the survey and referred me to their website. Due to ethical and confidentiality reasons, I cannot divulge the company’s identity. I will however use the information gained from their website without providing any information that could identify them.

The company in question believed it “comprehensively” recognised responsibilities owed to “employees”, “customers” and the “wider community”. Furthermore, as they believed they were operating in a socially responsible manner, external pressures should not apply to them. However upon reviewing the information posted on their website, it appeared that their CSR programme was insufficient to validate their claim that pressures are irrelevant if they are already behaving responsibly. While it is important to commend them on making an effort, the effort and strength of their CSR programme leaves much to be desired. In the first place, their CSR programme commented on their adherence to all relevant legislation. However, CSR as a concept extends beyond legal responsibility. Secondly, their CSR programme included an awards system. This is where the company would present volunteer groups with awards recognising the valuable service to the community. These sums were not in excess of $1,500. While I commend the effort made by the company, the monetary sum of these gifts would be no more than their expenditure on stationery items in a given month. A monetary gift of this amount is helpful but it is limited. O’Dwyer (2003, p. 543) describes this behaviour as a “minimalist response to community pressures”, this opinion is also backed by Watson & MacKay (2003).

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11 This company referred me to their website for questions three and six. These questions related to the responsibilities they recognised and their CSR programme.
O’Dwyer (2003) found pockets of resistance within the RESI rationale that were not present in my study. He found that some managers “explicitly questioned the view that donations to the community immediately implied the fulfilment of a responsibility in response to external pressures” (p. 543). This appears to be the company’s answer to responding to its pressures. CSR is not simply about donating money to charities, it is about making responsible decisions and taking responsibility for actions that have negatively impacted others. Therefore it appears that the above company may have taken the easy way out in responding to its pressures, and this will have implications on the apparent capture of CSR which is discussed later.12

Other respondents viewed external pressures neutrally, by either accepting them or by stating the positives and negatives associated with them. One respondent believed external pressures to be “part of every day business” (R3), while another stated “I neither like nor dislike them – it is just how the democratic world works” (R13). These types of responses can be encouraging or cause dejection, depending on how the pressures are treated. If pressures are acknowledged and reacted to, this brings a positive result. However, if the every day business way to deal with these pressures is to ignore or to manipulate these pressures, the result can be injurious to the social accounting project (O’Dwyer, 2003).

Another respondent made the following remark:

> The pressures are good in that we need to be reminded daily about our responsibilities provided it is not a socialist witch-hunt with a totalitarian “I know what is best” attitude (R10).

This comment raises an important theme/question surrounding ‘who knows best and who is right, what pressures deserve to be heard, and how should different stakeholders and their differing interest be heard?’ These are tough questions to answer, and the power to determine the outcome of such issues lies currently with the

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12 This company has received some negative press lately relating to the quality of the good/service it provides to its customers. This press appears to be contrary to the claim of not having to answer to pressures because they are already operating in a socially responsible manner.
businesses who choose how and whom they listen to. This can explain why CSR is often used to serve the economic interests of the business as opposed to serving the better interests of society.

As shown above, when managers elaborate on their perceptions of CSR, the theme of RESI pops up with mixed results. Upon further elaboration and responding to similar questions, however, enlightened self-interest appears to accompany most businesses decisions to adopt. It is encouraging to see a large proportion of these managers respecting and welcoming the external pressures placed on them. It is this recognition that can allow the voices of society to be heard. However, it is unclear from the responses attained whether in fact these external pressures are congruent with the views of the Critical accounting perspective in inciting social change.

**Duties/Obligations**

The Irish study showed a large proportion of the interviewees espousing a view that businesses had a duty or a moral obligation to society irrespective of economic consequence. However, upon further probing O’Dwyer found that the economic factor was still very much at the heart of these interviewees decision making process.

Such a rationale did not appear to be particularly prevalent in many of the responses I received. On two occasions it appeared that a similar theme had appeared, but like O’Dwyer found, upon looking deeper, the economic interests inherent in their response became more evident.

One manager defined CSR as “the responsibility to uphold the public’s basic rights” and further stated that “it is a duty engrained in our business” (R9). Duty as defined by the Oxford dictionary is “a moral or legal obligation” or similarly “a task required as required as part of one’s job”. Therefore, the manager is saying that the act of being CSR is a required process in normal business operations. One would expect that if CSR was a duty engrained in business, it would occur without self-interested notions and would occur irrespective of financial cost. However, this respondent

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answered in the negative when asked if they would implement CSR irrespective of cost. This contradiction may illustrate that the manager conceives duty as entailing a self interested notion, therefore showing the capture of the meaning of ‘duty’. O’Dwyer found similar results with his study when respondents discussed notions of ‘duty’ and ‘obligation’. Respondents had appeared to espouse a view that actions should at times be taken irrespective of cost. He said:

Their responses indicate that, for many, this was patently not the case, and illustrate how the emancipatory potential implicit in the meaning of terms such as “obligation” and “duty” focused on broadening the responsibilities of business in the wider society’s interests can itself be captured and often conflated with economic self interest (2003, p. 544).

One respondent managed to exemplify the same contradiction in one sentence:

“The "groups" are our society and "communities" and we owe a duty of care because we are not parasites and if our society and communities are healthy and our employees are proud of what they do - our shareholders will do well.” (R10)

**CSR Link with PR**

Moving on from the analysis of topics and rationales that O’Dwyer (2003) identified in his research, this results section now examines the other themes and findings identified within the above literature review. The first discussion entails the use of CSR as a PR tool. L’Etang (1994) criticised the use of CSR as a PR tool as it uses groups to maximise their own self-interest, instead of actually concerning themselves with the groups in need. PR has been identified both in the literature and in my research results to be something that can be enhanced through being CSR (Davis, 1973; McAlister & Ferrell, 2002). Whilst achieving a positive image may be a positive side effect of CSR, in my opinion it should not be the motivation, as this detects the attention and concern away from what is really in need (Cooper et al., 2005).

I questioned respondents on whether they coordinated their PR programmes with their CSR programmes. L’Etang (1994) as aforementioned denounced the use of CSR for
PR purposes. From the insights attained from this research, it appears that some NZ manager’s do align CSR with PR. Three managers identified that their CSR programmes were related to their PR activities, whilst another two managers identified that if they did have CSR programmes, they would relate it to their PR activities. While it may appear that NZ managers may utilise CSR for PR reasons and their self-interest, some managers resisted this point of view.

We try to gain public/social approval for our actions (in general), we are not being SR for PR reasons but do expect our actions to be known. (R7)

This point of view resists the notion that can be easily made that CSR is adopted for its own PR purposes. This respondent seeks societal approval for their actions and admits that they are not adopting CSR for the PR reasons. Rather, the positive PR attained is a secondary result from their actions. The primary result being the recognition and subsequent action in regards to society’s needs and wants. I believe this is the correct order of priority that businesses should approach CSR.

**Legitimacy and Social Contract Theory**

Themes of legitimacy and social contract were inherent in many of the replies. These theories are closely related (Deegan et al., 2002; Gray et al., 1996) and examples of these lined many of the responses.

The theme of legitimacy theory was identified when managers perceived CSR to aid the business in aligning its values with that of the communities.

My perspective is that corporations need to be aware of changing social norms and understand how corporate actions can impact them. Not meeting society’s expectations may have a price – and the corporation may well decide to pay that price if other benefits outweigh it (R13).

This respondent is aware that society’s expectations and values change over time, and recognises the need for businesses to move with in congruence with them. By identifying this value alignment, R13 is demonstrating the need to obtain legitimacy
from the company’s relevant publics (Lindlom, 1994, cited in Deegan, 2002 and Gray et al., 1996). Further, through signifying the economic costs of not aligning values, R13 also shows the social contract as well as his/her own self interest.

R7 states that his/her company tries “to gain public/social approval for our actions”. It is not stated however, how this is attained. As identified by Linblom (1994; cited in Gray et al., 1996), approval can be obtained through educating stakeholders on changes to be made, changing stakeholder perceptions, distraction from the real issues, or changing external perceptions. Depending on the method of aligning business values with that of society, this can determine whether managerial capture and self interested notions are prevalent.

The social contract is firmly embedded in this response:

Ultimately companies are given the right to undertake business activities in a community by the community. If companies exploit that right it could be taken away from them either through political means or through pressure groups (R15).

Further, respondents discussed the desire to obtain the “licence to operate” (R2; R13).

These conceptions of legitimacy and social contract can be used to illustrate how managers capture the conception of CSR. Businesses may adopt such programmes in an attempt to legitimise their actions in the eyes of the public. However, the actions they may take can be far from what it is required to be socially responsible. As Lindblom (1994) has identified, managers (in attempting to legitimise their actions) may take actions that do not represent the core concern of the interest groups. Instead of fully recognising their responsibilities, they may attempt to alter the public’s perceptions through advertising campaigns or attempt to appease the publics concern through directing attention to another topic where they control the debate and public’s perception of practice. However, having said this, it is hard for me to infer this from the above responses. Although, the generally self-interested motivations that these managers have does give me some comfort in making these statements.
Managerial Capture

To begin this section we will return to the previously stated definitions. O'Dwyer (2003, p. 524):

the means by which corporations through the actions of their management, take control of the debate over what CSR involves by attempting to outline their own definition which is primarily concerned with pursuing corporate goals of shareholder wealth maximisation.

And Owen et al. (2000, p. 85) define managerial capture as the:

concept that sees management take control of the whole process (including the degree of stakeholder inclusion) by strategically collecting and disseminating only the information it deems appropriate to advance the corporate image, rather than being truly transparent and accountable to the society it serves.

The first definition above by O’Dwyer describes how managers take a concept such as CSR, that is intended for the betterment of society, and how they turn it into a tool that is used to further the entity’s own economic interests. In doing this, they control how CSR is defined within the business community. How the business community defines it is important, because they are the group that implements such activities. The self-interested notions become engrained within how CSR is perceived. To the social accountant, this should not be considered in the motivations for implementing CSR because it detracts from the accountability and responsibilities that businesses should be recognising.

The second definition provided by Owen et al. further describes how businesses may only disclose or perform tasks that it considers to enhance its own well being. Such behaviour can include communicating areas where the entity may be responsible whilst not mentioning areas where their operations are anything but. This behaviour has been described as greenwash, which Mobus (2005, p.493) defines as “actions that are intricate in form, but are devoid of outcome-based substance”.
As has been previously discussed in this results section, a proactive enlightened self-interest appeared prevalent in New Zealand manager’s perception of CSR. As the pursuance of shareholder wealth maximisation was established in most managers’ replies, managerial capture is revealed as evident within this sample. There appeared to be no resistance to the use of this rationale by New Zealand manager’s whereas O’Dwyer had found executives who described concern with such motivations.

However, when assessing managerial capture from the reactive enlightened self-interest rationale, it appears that it cannot be posited to exist as convincingly as within the PESI rationale. It appeared that managers would respond to pressures if these pressures were likely to have a negative effect on profit. However, a large proportion of managers viewed these pressures favourably. O’Dwyer noted that this is positive because managers are less concerned with the threat of the pressure, and therefore are less concerned about controlling how the CSR is implemented. While this may suggest resistance to managerial capture, it appears that the economic interests still remain at the heart of the concern of these managers, and therefore managerial capture is still prevalent.

Further, as previously mentioned there is some evidence to suggest that New Zealand managers have also implicitly captured the meaning of ‘duty’ and ‘responsibility’ and therefore CSR.

Additionally, another respondent portrayed traits of capture, however this did not take place within the rationales identified by O’Dwyer. This respondent stated that:

[We] don't consider responsibilities is the right word. We believe … considerations … should be taken account of alongside other sometimes competing factors (R2).

Inherent in this response is the demotion of a ‘responsibility’, to a ‘consideration’. The manager commented that the business in which he/she was involved did operate a CSR programme, but believed that the responsibilities were more appropriately described as considerations. This shows the capturing of CSR through the language employed, as a consideration requires in most circumstances less effort from a business.
‘Responsibility’ defined by the Oxford dictionary is “the state or act of being responsible”, and in turn defines ‘responsible’ as:

1 having an obligation to do something or having control or care for someone. 2 being the cause of something and so able to be blamed or credited for it. 3 morally accountable for one’s behaviour.\(^{14}\)

Whereas, the Oxford dictionary defines ‘consideration’ as:

1 careful thought. 2 a fact taken into account when making a decision. 3 thoughtfulness towards others.

As can be seen, these are two differing concepts that would require varying amounts of effort from a business, with the former requiring greater effort. If businesses treat responsibilities as considerations, it shows that they are less willing to expand the required amount of effort to be responsible, thus attributing CSR to managerial capture.

An example is provided to illustrate this point:

Contemplate a situation involving a child, where you may owe a responsibility or owe some consideration. If you are taking responsibility of the child, you are actively accountable for what happens to the child. However, if you owe the child a consideration, it merely involves acknowledging the child and engaging it with your consciousness. As illustrated here, considering the child, and taking responsibility for the child involve contrasting levels of effort and accountability.

I believe that a CSR programme should involve both taking responsibility for the business’ actions and considering the effects of their operations on society whenever a business decision is made. However, the emphasis should be on responsibility and the eventuating accountability.

This research has provided an insight into the perceptions of New Zealand’s managers into CSR. It shows that capture was evident in the small sample who replied, and it does this through using the same rationale that O’Dwyer identified in his study. Where a “corporation is motivated by self-interest [it] is unlikely to give full consideration to the needs and interests of a recipient” (L’Etang, 1994, p. 118).

**Denial**

As the purpose of this research is to show how New Zealand managers perceive CSR, it would not be complete without representing the view of the managers who gave dissenting opinions of CSR.

As previously mentioned, one manager perceived CSR to include only legal responsibility i.e. “Social responsibility begins and ends with legal responsibility” (R1). This attitude admittedly came as a surprise as I had not originally considered that anyone would take such a hard line approach against CSR, especially given New Zealand’s brand image. This reply appears akin to the opinion espoused by Milton Friedman, that an entity’s only responsibility is that owed to the shareholders, recognised by maximising their wealth through maximising the value of the business. Anything that is not in these interests is considered to be a violation of businesses obligations (Gelb & Strawser, 2001; L’Etang, 1994; Longo et al., 2005). This traditional/classical economic theory, also espoused by the well known economist Adam Smith, is very narrow and arguably unethical. Even though business decisions and the effects of these decisions may be lawful, this does not necessarily validate business actions.

Another respondent advocated a similar approach to that above. However, while this respondent did not strictly refute the responsibilities owed to the community, he came from the same school of thought as R1. R13 described classical economic (right-wing) theory. In doing so he/she said that the primary role of a corporation is to be profitable and in turn, being profitable is in the best interests of the community as it increases the wealth of the community. If the community is wealthier, the community is better off. However, if this contention was true, it still does not provide a
reasonable explanation why a business should shirk its responsibilities for its own actions.

This respondent went on to say that CSR can be in the long term interest of the corporation where the benefits exceed cost. If a firm is allowed to continue to operate profitably by acting in CSR manner, they will adopt such programmes. He/she openly admits that it is the self interested motive that drives adoption. When applying the above to his/her own business, R1 stated that he/she was not in favour of adopting a CSR programme.

Similarly, R5 believed that CSR should not be employed until the company is profitable. Once the company is profitable and has more influence, then it would seek to take on 'more responsibility'.

**Definition of CSR**

Through interrogating and interpreting the answers provided from New Zealand’s top executives on the New Zealand Stock Exchange, this small sample has offered a useful description showing self-interest to be the key motivator for the adoption of CSR. Whilst this was deduced through asking the questions articulated around gaining a good understanding of how managers viewed CSR, it can also be seen in how some managers defined CSR. Whilst some definitions do not necessarily exhibit any notion self interest, their comments based on other questions did. In some ways, the capture of meaning can be illustrated through how managers define CSR one way, and then describe CSR another way. Appendix B shows the notable definitions provided by the respondents.

Some of these responses do not hide the self-interested motivations of corporations and some provide definitions that a social accountant would be more than happy to accept. These definitions vary from a very narrow conception of CSR, to a broad conception that encompasses global responsibilities (compare definition (j) to definition (l)). Definition (l) is the only definition that recognises global responsibilities. It is encouraging to see a response that identifies global
responsibilities. With increased globalisation, businesses not only have an impact on their home community, but also the countries they operate in.

**Conclusion and Discussion**

This research began with the objective of gaining an insight into how New Zealand’s managers perceive corporate social responsibility. CSR requires businesses to assess and act in response to the impact they make on society. This can be done through making their operations transparent to allow public debate and through generally being accountable for their actions (Lehman, 1999). This means that these actions occur because they are acting in the interests of society and not in the interests that appeal to their economic situation. However, as with O’Dwyer, through establishing some dialogue with managers concerning their thoughts on CSR it appears that businesses primarily adopt CSR because it can increase the value of a company. This represents a reversal of the priorities that CSR stands for, and therefore degrades the honourable intentions of CSR to something business can do to get an extra buck. When the reversal of these priorities is witnessed, capture is evident. When capture is evident, the social accounting project takes a hit and the arguments of the Critical perspective shine through.

In analysing the responses, I first investigated the managers’ conception of CSR by examining their responses the way O’Dwyer had. This was through the rationales of proactive enlightened self-interest, reactive enlightened self-interest, and duties/obligations. In doing so it was identified that a PESI was present in most managers’ thoughts concerning CSR. Managers would adopt CSR if by doing so their economic position was enhanced or alternatively not hindered. It presented the ‘what’s in it for me’ mentality which is not desired when CSR is seeking to achieve recognition of responsibility and accountability from businesses. Cost benefit analysis was all too evident in the managers’ responses with only one manager voicing an opinion that would appear to resist the PESI rationale.
The RESI rationale showed a mixed response in terms of manager’s feelings towards external pressures. Most welcomed these pressures, whilst others were neutral to or ignored them. Managers would adopt CSR if the threat from these pressures represented a risk of economic loss or damage to the corporate image. It was pleasing to see a large proportion of respondents viewing the external pressures positively. A negative response is more likely to see a form of CSR adopted that does not fully represent the concern of the pressure (O’Dwyer, 2003). Rather, the adopted CSR may be sufficient only to temporarily appease the pressure group, whilst the company has managed to do the least amount possible with the smallest amount of impact on bottom line.

However, a concerning result from this rationale came from one entity who believed that they were not privy to any pressures as they were already socially responsible. Whilst this position raised many questions upon review of the businesses website, it appeared that the businesses idea of acting in a socially responsible manner was to present monetary awards to certain volunteer groups. The monetary value of these awards was minimal compared to the size of the business, and as O’Dwyer (2003) and Watson & MacKay (2003) believe, this an easy way out for businesses to recognise their responsibilities and it represents a minimalist response.

There were limited opinions that fell within the duties/obligations rationale. However, in the instances that were observed, it appeared that the meaning of the word ‘duty’ had been captured as in O’Dwyer. Apparent in the word ‘duty’ were notions of self-interest, which it should not and is not normally involved with.

Moving on from O’Dwyer’s rationales, several other interesting insights came out of this research. Firstly, a number of firms were coordinating their PR with their CSR programmes. This sort of behaviour, as denounced by L’Etang (1994), shows that New Zealand’s manager perceive CSR as having benefits for their image. Whilst a company may need to advertise its good actions, these can smokescreen the ‘not so good’ aspects of their operations. Further, L’Etang espouses a moral conflict in using another group to further one’s own interests.
Managers also illustrated attempts to legitimise their actions in the eyes of the public. However, there was a generally inherent conflict between recognising a company’s responsibilities and meeting the interests of shareholders. Such a conflict can potentially lead to deception, manipulation, procrastination, or re-education (Lindblom, 1994 cited in Deegan et al., 2002). It is hoped however, that in trying to legitimise their actions, such entities do not compromise the issues and that they fully represent societies values and interests.

Evident in most of the responses was managerial capture. The corporate goals of shareholder wealth maximisation were more often than not central to the CSR conceptions of the responding managers. Managerial capture was not only shown in the rationales used by O’Dwyer, but was also noticeable where a manager regarded CSR as more of a consideration than a responsibility. This blatantly shows disregard for the accountability desired from CSR as ‘considering’ the impacts of businesses operations requires less effort, work, and money than being ‘responsible’ for the actions.

This insight also found a strain of resistance within New Zealand against firms being CSR. This admittedly came as a surprise as New Zealand traditionally has a clean green image (whether through a misled national branding exercise or through responsible and accountable business). However, after researching the thoughts and perspective that Friedman preaches, it appears that this is in line with very traditional/classical economic theory. Inherent in this theory is that the goal of a company is to maximise the wealth of the owners. However, the narrow objectives inherent in this theory illustrate how firms can legitimise their actions in irresponsible activities (e.g. polluting, violating cheap labour, decimating natural stocks or even financing entities that partake in these actions). I cannot see too many Kiwis agreeing with the comment made by the respondent in question.

In sum, this research has illustrated how some of our companies’ top managers view CSR. The limitations of this research include the method of data collection and the number of responses received. As already explained, an interview method would have the potential to receive more information and certainty over any given response. Further, if more surveys were received, the findings may have been able to be viewed
as representing the whole country. However, this research did not aim to generalise its results, and therefore this is not of concern. Furthermore, the number of respondents also made the data analysis manageable as almost all responses were well known.

In conclusion, this research has filled a gap in the New Zealand literature as it examines how our managers perceive CSR. It provides a valuable insight into this area and has illustrated notions of managerial capture which is damaging to social accounting project in New Zealand. The primacy of capital has led to the capture of the honourable intentions of CSR and will make it hard for social accountants to engage effectively with businesses. For effective engagement to result, extensive change is needed in the thinking of New Zealand’s top managers, and perhaps some legislation regarding the audit and production of social accounts. Similarly, change is needed within wider society for they also participate and reify these structures of capitalism. By holding shares in a company and demanding profit maximisation, thereby reducing the honourable intentions of CSR, humans are also participating in the destruction of their own environments and continuing inequality and inequity of society. They too have the power to see their investments’ doing what is right for society, rather than what is right for their back pocket. This means that people need to alter the way they relate with others, so that what benefits them personally also benefits society. In spite of this, and in line with Puxty (1991), CSR as it is currently practiced does not improve social communication.
Appendix A: Survey Questions

1. What is your perspective on the corporate social responsibilities of New Zealand companies?
2. What are these corporate social responsibilities (if any) and who are the groups that you believe these responsibilities are owed to? Please list groups in order of salience.
3. Does your company recognise any of these responsibilities?
4. Why do you feel you owe (or don’t owe) a responsibility to these groups?
5. Do you believe it is important for businesses to act in a socially responsible manner?
6. Do you implement any sort of corporate social responsibility programme?
7. What do you believe motivates the pursuance or non-pursuance of social responsibilities by New Zealand firms?
8. Are companies (including your own) exposed to any social and political pressures to operate in a socially responsible manner?
9. What is your general feeling towards these pressures to act responsibly? (i.e. do you welcome these pressures or do you dislike them?).
10. Does the sector in which you operate influence the existence and intensity of your pursuance of corporate social responsibility?
11. Are there any benefits to companies (including your own) from acting in a socially responsible manner? If so, what are these benefits and do they have any impact on your decision about implementing a corporate social responsibility programme?
12. How do you decide how much to spend on a corporate social responsibility programme?
13. Would you pursue a corporate social responsibility activity irrespective of its cost if it were considered the ‘right thing to do’?
14. Is your corporate social responsibility programme closely related to your PR programme?
15. In your own words, how would you define corporate social responsibility?
Appendix B: Definitions of CSR given by Managers

a) Doing what is right for the wider community
b) To minimise/eliminate negative effects of company operations on environment.
   To advance aspirations of employees and provide stability in employment. To create value for neighbours by stimulating regional economic growth.
c) CSR is the return or pay back to society for the profits generated from that sector. It is an investment in the customer.
d) To become an enduring company, a company needs to be responsible to its shareholders, staff, customers and the wider community in which it operates

e) The need for businesses to be aware of their impact on the community and the environment.
f) Behaving in a fair, responsible way and treating others as you would like to be treated yourself.
g) Social responsibility at a corporate level is a recognition that if you want LT success it must entail win/win/win for community/employees/capital providers
h) Operating your business in a way that tries to limit negative impacts on society and maximise positive benefits on society, whilst aiming to achieve profit maximisation

i) The responsibility to uphold the publics basic rights
j) If it feels right and you are proud of what you do - it generally is right positive and productive for everyone including the company

k) My perspective is that corporations need to be aware of changing social norms and understand how corporate actions can impact them. Not meeting society’s expectations may have a price – and the corporation may well decide to pay that price if other benefits outweigh it. The first role of the corporation is to survive; the primary focus therefore is profitably to provide products or services to customers. This is also the primary contribution that the corporation can make to society. But even an efficient, profitable company may not survive if it consistently and flagrantly disregards the “non-commercial” expectations of society. So mine is an appeal to corporations’ self-interest, rather than a need to “do good”. Corporate social “responsibilities” can be ranked:-

- a. Being profitable. Profit is the licence to stay in business. The responsibility is owed first to shareholders, secondly to stakeholders (employees, suppliers and so on) and finally to the community at large. (A loss-making enterprise decreases the wealth of society).
- b. Using resources efficiently. As with profit, this responsibility is owed to shareholders and stakeholders (because profit is enhanced with efficient resource use), but also to the community. Being perceived as a wise user of resources helps ensure survival.
- c. Fair treatment of employees. This is owed first to employees, but here again, not treating employees fairly can jeopardise survival.
- d. Providing safe products and services – owed to both customers and society. Again, unsafe products and services threaten survival.

l) Considering society local/NZ/world when making decisions / selling policy
m) CSR is business being a ‘good corporate citizen’. As individuals we should contribute to the communities we live and work in, for the advancement of the common good. Similarly CSR is businesses actively participating within their communities.
References


