

## A Commentary on CSR

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Corporate Social Responsibility (CSR) is lauded by well-intentioned CSR interest groups<sup>1</sup> but has been mocked by big corporations such as British American Tobacco, Coca-Cola and Shell where bad business behaviour persists despite assurances of best CSR practices (Amnesty International, 2007; Christian Aid, 2004; Other Shell Report, 2003).

The sites of Amnesty International (Amnesty International, 2007), Catholic Agency for Overseas Development (CAFOD, 2007), Centre for Corporate Accountability (CCA, 2007), Christian Aid (2004), Corporate Responsibility (Core Responsibility, 2007), Corporate Watch (2006), Environmental Justice

Foundation (EJF, 2005), Friends of the Earth (FOE, 2007), Global Witness (Global Witness, 2004; 2006), Green Alliance (Green Alliance, 2007), Greenpeace (Greenpeace, 2002a; 2002b; 2004; 2006), IFAW (IFAW, 1999) and International Alert (International Alert, 2005) are awash with the recent failings of CSR and the way companies, individually and collectively, use and abuse CSR to further company ends.

Corporate Social Responsibility (CSR) fails because it does not make companies keep their promises and ignores problems by allowing company reports to gloss over core business impacts (FOE, 2007). Its voluntary approach renders CSR useless in enforcing signed-up principles, while at the same placing legal frameworks for international trade and investment (Doane & Holder, 2007). At best, companies implementation of CSR is fragmented and shallow (World Bank, 2007); at worst, CSR is ignored or used to emote about the wretchedness of the earth without really changing corporate practices.

<sup>1</sup> See for example the Equator Principles (2007), the Global Sullivan Principles (1977), OECD's (2007) Guidelines for Multinational Enterprises, UN's (2007), Business for Social Responsibility (BSR, 2007), World Business Council for Sustainable Development (WBCSD, 2007), Instituto Ethos (2007), Centre for Social Markets (2007) African Institute of Corporate Citizenship (2007), International Business Leaders Forum (2007), SustainAbility (2007), Ethics Officer Association (2007)

Accounting has always managed to trample over public domains and construct them into new ways of being – health (Llewellyn & Northcott, 2005; Samuel, Dirsmith & McElroy, 2005) and war (Chwastiak, 2006), for example – and CSR is no exception. The guru-esque Balanced Scorecard (Nørreklit, 2003), lapidary Global Reporting Initiative (GRI, 2006), technically bound AA1000 Framework (AccountAbility, 1999a) and AA1000 Assurance (AccountAbility, 1999b), and bureaucratic ISO certification (ISO, 2007) and Social Accountability International program SA 8000 (SAI, 2007) are symbolic of the way accounting popularized conceptions of CSR as professional artifacts that allow regulators, governments and accounting standard boards to shirk their responsibility from legislating on CSR.

One of the foulest examples of accounting's complicity in constructing CSR as professional artifact must surely be the egregious *Dow Jones Sustainability Index (DJSI)* which claims to measure 'objectively' an index of corporate sustainability. The conflation of *Dow Jones*, a symbol of American market capitalism, *Sustainability*, a term to do with future needs – not just market capital

ones – and *Index*, suggesting technical proficiency, renders the term an unambiguous and authoritative reality of sustainability, rather than a highly constructed one based on a core-financial self-interests.

Indeed, the *DJSI* manages to express sustainability as a corporate possessive 'corporate sustainability' which in turn is defined as 'a business approach that creates long-term shareholder value'. This, of course, falls wide of the interpretations of either the Brundtland Commission - "to meet the needs of the present without compromising the ability of future generations to meet their own needs" (Brundtland, 1987) or that of the World Conservation Union, United Nations Environment Programme and World Wide Fund for Nature - "improving the quality of human life while living within the carrying capacity of supporting eco-systems" (IUCN, 1991). Moreover, it allows the Dow Jones to engineer a defined set of criteria and weightings that makes its financially loaded index look like a natural measurement of sustainability. Thus, data proficiency is ritualised by summoning up both the preposterously constructed Laspeyres formula<sup>2</sup> (*DJSI*, p. 33) and the elevated PricewaterhouseCoopers' Review which both suggest an unproblematic and authoritative stream of calculation of sustainability.

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<sup>2</sup> One illustration of the absurdity of this formula is the placement of the different weightings given to the sub-categories ('criteria') of 'economic', 'environment' and 'social' sustainability categories (or 'dimensions'). For example, the environmental sub-category of Environmental Reporting is given a weight of 3.0% while the social sub-category Talent Attraction & Retention is given 5.5%; the economic sub-category of Risks & Crisis Management is given 6.0% while the social sub-category of Social Reporting is given 3.0%. Quite why Talent Attraction & Retention is worth double the weight of Environmental Reporting or Social Reporting is not explicated but clearly, the picture of sustainability that the Laspeyres formula wishes to show might politely be described as Dow Jones-esque.

CSR claims to speak for the next generation of people but is informed and guided by powerful financial instruments like the *DJSI*. Accounting academics and environmental and social special interest groups may agonise over the pros and cons of CSR but when accountants unwittingly drum up artefacts of nonsense for corpo-

rate gargantuans, like the Dow Jones and their rich clientele, then it is time to drop CSR from our vocabulary. What is really needed from those interested in social and environmental reform is the exertion of pressure on both the International Accounting Standards Board, which has yet to come up with international stand-alone environmental or social standard (Porter et al., 2006), and first world national governments, which sanctify constructions like the *Dow Jones Sustainability Index*, to come up with regulations and laws to stop companies harming the planet and its people.

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