How socially responsible is construction business in Australia and New Zealand?

B.T.H Lim* and M. Loosemore

*University of New South Wales, Kensington Campus, Sydney, NSW 2052

Abstract

Interest in Corporate Social Responsibility (CSR) is growing in the construction sector. In response to societal changes, construction professionals and the businesses they work in are expected to contribute positively to the environments and communities in which they build. Hitherto, it appears that there has been little research in mapping out the CSR focuses and initiatives of construction and engineering firms. In addressing this gap, 104 professionals from across the construction supply chain in Australia and New Zealand was undertaken. The overall results reveal that many firms’ CSR focuses are mainly on occupational health and safety, ethical business practices and environmental management and that their CSR initiatives are very much internally focused. Companies have generally focused on their CSR workplace, supply chain and environmental initiatives and largely ignored the mutuality of interests between the community and business. In moving CSR in the construction sector forward, it is argued that the industry must move from altruism to strategy and from a client focus to a community focus.

Keywords: Corporate social responsibility; strategy; shared value; sustainability

1. Introduction

Over the past decades, the concept of Corporate Social Responsibility (CSR) has attracted a great deal of attention from researchers across different disciplines. The World Business Council for Sustainable Development defines CSR as “the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at
large” (Watts and Holme [1]:3). Similarly, the International Organization for Standardization [2] ISO 26000 describes CSR as the requirement of firms to act “in an ethical and transparent way that contributes to the health and welfare of society”. From these, it seems that a socially responsible firm is bounded by various core values, such as accountability, transparency, ethics, respect for stakeholder interests, respect for the rule of law and for human rights, and respect for international norms of behaviors. It has generally held that, by being socially responsible, a firm could increase turnover, improve public image, enhance employee loyalty, attract talented personnel; hence achieve sustainable competitive advantage and improved organizational performance.

However, discussions of social responsibility in construction have been fragmented and confrontational. For example, Green’s [3] analysis of CSR discourse in the UK construction industry, Ness’s [4] critical discourse analysis of the UK government’s ‘Respect for People’ policy, Loosemore and Phua’s [5] analysis of CSR in the Australian construction industry – all pointing that CSR initiatives in construction are driven by a firm’s culture and are still primarily judged from a business case, rather than from the beneficiaries’ perspective whom it meant to serve. Furthermore, the concept of CSR in construction remain largely uncategorized and highly fragmented covering a diversity of issues such as: community engagement [6], corporate ethics [7], minority businesses [8], responsible sourcing [9], environment and sustainability [10], human resource management [11], discriminatory labor practices, equality and human rights [12], corruption [13] and fair business practices [14].

From the above, while it is positive that CSR research in construction is moving forward on a wide range of fronts, it appears that little has been done to map out how construction firms implement CSR in practice. In addressing this gap, this study aimed to examine the current state of CSR implementation of construction and engineering firms in Australia and New Zealand and to identify the key CSR focuses and initiatives adopted by those firms. Such research is important because, as Carroll and Shabana ([15]: 89) state, one important way to start conceptualizing CSR is “to think about CSR is to identify the different categories of CSR and sort out companies’ activities in terms of different types, classes or kinds of CSR”.

2. Literature review

In the mainstream business literature, attempts have been made to categorize the types of CSR initiatives adopted by firms. For example, Ashridge’s [16] international study of businesses across a range of industry sectors has produced a framework which classified the most common forms of CSR activities into seven main categories. Leadership, vision and value activities relate to those actions that put CSR at the centre of a firm, its direction, purpose and mission. Stakeholder engagement activities are actions associated with those activities that the firm’s stakeholders (e.g. owners, employees, communities, customers, suppliers and authorities) think it should be doing to make the company socially responsible. Community activities refer to actions associated with promoting the health and wellbeing of local communities in which the enterprise operates. Environmental activities are those actions that involve mitigating environmental impacts of the firm’s operation. Supply chain activities involve actions that encourage responsible procurement practice through the enterprise’s supply chain. Workforce activities include those actions that relate to the fair treatment of employees. Finally, Marketplace activities include those actions undertaken by the firm towards enforcing its marketplace responsibilities.

Also, the International Standards Organization (ISO) operationalized CSR into seven categories in its voluntary international standard for social responsibility (ISO 26000) [2] and Kritkausky and Schmidt [17] have described the typical types of activities in each category. The first category is ‘organizational governance’ involving activities that promote: accountability and transparency in decision making; responsible use of financial, natural and human resources; effective management of key stakeholders in decision making including minority groups; ethical monitoring and reporting of business activities. The second category is related to ‘human rights’ such as establishing fair mechanisms for: promoting human rights, equity and diversity policies, responsible sourcing and supply chain management; respecting individuals’ rights to freedom of association, opinion and expression; and respecting economic, social and cultural rights. The third category is about ‘labour practices’ such as providing a just, safe and healthy work environment for employees which involves: good wages and working conditions; support dialogue between employers and employees; and equal employment opportunities for human resource development. The fourth category is ‘environmental practices’ that promote: pollution prevention; emissions reduction; use of sustainable renewable resources; life-cycle management; use of environmentally sound technologies and practices;
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