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Evaluating Corporate Social Responsibility (CSR) in the Australian Banking Industry: Do Australian Banks Toe the Triple Bottom Line?

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Evaluation has traditionally been a public sector activity. In the private sector economic and financial criteria have been used almost exclusively to measure performance. The increasing attention paid to corporate social responsibility (CSR), ie the responsibility of organisations for relationships with various stakeholders is changing this. Effective management of CSR demands monitoring, measuring and reporting of performance against generally accepted indicators. The purpose of this paper is to evaluate the triple bottom line performance of corporations within the banking sector in Australia, with a particular focus on corporate social responsibility performance. It explores the link between corporate financial performance (CFR), corporate environmental performance (CER) and CSR performance. Section one provides a brief introduction to the study. Section two discusses the impact of CSR on shareholder value and the value of the firm. Section three considers ways and means of evaluating CSR within the Australian banking sector. Section four describes the data, method and evidence of performance against evaluation criteria. Finally, section five provides a summary and conclusions. Limitations in the analysis and directions for future research are explored in this final section.

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Key words: corporate social responsibility, social performance, triple bottom line reporting

Introduction

Evaluation has traditionally been the preserve of the public sector. In particular, performance management is usually referred to in terms that connote public sector results (outputs, outcomes, effects, impacts, etc, Davis, 1999) measured by indicators of effectiveness, efficiency and appropriateness to show what is achieved for citizens and at what cost. Performance management in the private sector usually referred to performance appraisal, or at the most, evaluation of human resources functions such as training and staff development. At least three initiatives have served to change this. The first is the appreciation that successful corporate performance depends upon the competitive advantage offered by managing issues that affect various stakeholders from employees and customers to governments and communities. Associated with this are attempts to measure the strategic objectives of "social" performance, internally, using frameworks such as the "Balanced Scorecard" (Kaplan and Norton 1996), and externally, through "Triple Bottom Line" (TBL) reporting. Not least are the increased liability implications arising from the corporate governance ethical reporting requirements of the Australian Stock Exchange and the growing emphasis by directors on risk management. The third is the changing community expectations of business reflected in the emergence of corporate social responsibility and its concern for corporate financial, environmental and social responsibility (Watts and Holme, 1998, 2000).

Corporate Social Responsibility

Corporate social responsibility is 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 & Holme, 1998). In particular, according to the World Business Council for Sustainable Development (WBCSD) this means acting with responsibility in its relationships with other stakeholders, not just shareholders (Watts & Holme, 2000). Birch (1998) suggests that a business, corporation, or business-like organisation, has social, cultural and environmental responsibilities to the community in which it seeks a licence to operate, as well as economic and financial ones to its shareholders or immediate stakeholders. Meeting such responsibilities demands communication with the stakeholders. All publicly listed companies are required to produce an Annual Report for their shareholders. The Report must contain financial information, corporate governance information and a company's policy on the establishment and maintenance of appropriate ethical standards. Increasingly, the Annual Report in addition to financial reports also includes reports on the social and environmental aspects of a business, the TBL, providing information that is of interest, not only to shareholders, but to other stakeholders.

There are various opinions concerning who corporate stakeholders are (apart from shareholders). The WBCSD (1999) lists stakeholders as those affected by or those affecting a business's activities including representatives from labour organisations, academia, church, indigenous peoples, human rights groups, government and non-government organisations. Elkington's (1997) triple bottom line refers to economic performance (for shareholders), environmental sustainability for (for the natural environment) and social responsibility (for society as a whole). This paper takes the view that stakeholders include employees and contractors, customers and suppliers, the community and society (including the natural environment) as well as shareholders.

Failure to be accountable to all stakeholders and over-reliance on the single bottom line of financial reporting is a problem that has plagued accounting reports for decades (Sweeney and Estes, 2000). These traditional economic and financial reporting inadequacies have led to various efforts to combine financial, social and environmental elements into a TBL reporting framework. Estes (1996a, 1996b, 1999) developed the Sunshine Standards, which identified information required by customers, workers, communities and society at large. The WBCSD (1999) identified the priority areas as human rights, employee rights, environmental protection, supplier relationships, community involvement and stakeholder rights. According to the WBCSD report, effective management of CSR demands monitoring, measuring and reporting of performance against generally accepted indicators.

The purpose of this paper is to evaluate the triple bottom line (TBL) performance of corporations within the banking sector in Australia, with a particular focus on corporate social responsibility (CSR) performance. It explores the link between corporate financial performance (CFR), corporate environmental performance (CER) and CSR performance, discusses the impact of CSR on shareholder value and the value of the firm, and proposes a means of evaluating CSR within the Australian banking sector. The next section describes the evaluation framework and the data, method and evidence of performance against evaluation criteria. The final section provides a summary and conclusions. Limitations in the analysis and directions for future research are explored in this final section. Before describing a framework for measuring the TBL and demonstrating how it can be applied to the evaluation of the corporate social responsibility of the Banking Industry in Australia, it is useful to consider to what extent the TBL adds value to an organisation.

Does Unethical Performance Decrease Value?

A question raised more vociferously in hard times than in good times, is whether corporations can afford to be good corporate citizens when faced with global competition. Looking at this question purely from the viewpoint of economic rationalism, (and putting aside the more important question of morality which is beyond the scope of this paper[1]) we can see that there are two ways of looking at this issue. First there is the potential negative impact. For example, evidence from Rao and Hamilton (1996) and Alexander and Cohen (1999) shows that corporations lose value when they fail to act in socially responsible ways.

> '… heightened interest in the issues encompassed by CSR … have already led to a number of unwanted outcomes: consumer boycotts; attacks on fixed assets, such as farmland and buildings; failure to attract good employees and loss of employee support; extra spending to remedy past mistakes; diversion of management attention away from core activities; restrictions on operations; such as new legislation and regulation; obstacles in raising finance and insurance; and difficulties with life cycle (customers downstream and suppliers upstream in the supply chain).' (WBCSD, 1999:4)

In the early stages, the principle reason to report CSR activities was to avoid legal liability, and in some cases confrontation with special interest groups. More recently, corporations have found it is best to 'come clean', to bring concerns to the surface, to stake out the middle ground, acknowledge prior misbehavior and current problems, to discuss achievements with humility, share control and be accountable (Elkington 1997:169). The avoidance of value diminishing actions can be summed up as follows:

> 'Many people feel that a company has no choice but to act in socially responsible ways. They argue that shareholder wealth and, perhaps, a corporation's very existence, depend on it being socially responsible.' (Van Horne et al, 1995:11).

Reputation is like the Australian dollar. It goes down by the lift and up by the stairs. A single incident can set a company's reputation back for decades. Disclosure through CSR reports is a form of risk management – a way of responding to consumer concerns and protecting or enhancing reputation. CSR reporting promotes public image, product acceptance, name identification and avoids

[1] Deontological ethics would argue that corporations should be socially responsible regardless of outcomes. Teleological ethics on the other hand would argue that ends are justified by means.

confrontation. Some studies have shown that ethics and profit are positively related (Francis and Armstrong, 2000). A survey by Bull (in Zadek et al, 1997) found 35 percent of consumers boycotted products due to animal, human rights or environmental concerns. As evidence of a rise in ethical consumerism, 60 percent said they would do so in future.

Some financial analysts assume that socially responsible practices represent costs without benefits, but research has shown good corporate citizenship can be good for the financial bottom line. Socially responsible companies tend to promote innovation and conserve valuable resources in production systems, often resulting in cost savings (Russo & Fouts, 1997). In addition to cost savings, socially responsible expenditures often produce benefits that do not turn up on balance sheets, but they are tangible.

Corporations committed to the idea that reputation counts, such as Bodyshop, believe that a reputation for fair dealing will earn the trust of their customers, suppliers, and the community at large. They consider relationships are a key success factor, and values are essential for long term relationships that work. Anderson (1998) argues that social responsibility make economic sense.

> ‘And there is no doubt it is what our stakeholders want. ... Regulatory authorities are raising their minimum standards, and the expectations of the global community are rising. In short, our performance and perceptions of it affect our reputation and credibility. This in turn affects our access to what we need; markets, resources and quality employees’ (BHP Environment Report, 1998:3)

One of the benefits of a good reputation for treating existing staff well, earned through CSR reporting, is the ability to attract high quality new staff. Corporations that treat staff as disposable will build a disposable company. BHP took responsibility to employee relationships seriously when considering redundancies at their Newcastle steel plant. The objectives of their Transition Steering Team were for ‘people who leave the Company to feel they have been treated fairly and are well prepared for the future. We want people who remain to believe that their workmates were treated fairly’ (Maiden & Richards, 1999:32).

A number of institutional funds are selling "ethical" products and will only invest in companies that can show they are making an effort to limit their environmental impact (KPMG, 1999). An increasing number are going beyond environmental performance to socially responsible investment products. Ethical funds accounted for approximately 13 percent of the $16.3 trillion under professional management in the US in 1999. All segments of social investing - screened portfolios, shareholder advocacy and community investing - increased by 82 percent in the 1997-1999 period. This is almost double the 42 percent rate of increase for all assets under management in the US. A growing number of individuals and institutions are investing in funds that are aligned with their values.

Table 1 shows the screening criteria used by ethical investment funds. Evidence of an increase in CSR can be seen in the category of labour and fair employment practices. The percentage of funds including this category as a selection criterion for ethical funds has grown from 25% to 38% between 1998 and 2000.

TABLE 1. ETHICAL INVESTMENT:
SCREENING CRITERIA USED BY US ETHICAL FUNDS

	1998[2]	2000[3]
Tobacco	84%	98%
Gambling	72%	86%
Alcohol	68%	83%
Weapons	69%	81%
Environment	37%	78%
Human Rights	23%	43%
Labour/Fair employment	25%	38%
Birth control and abortion	68%	23%
Animal welfare	7%	15%

The link between corporate prosperity and community prosperity is recognised even by an arch capitalist such as George Soros, who argues that unbridled self interest and laissez faire policies are not in the best interests of a healthy economic system (Elkington, 1997). The benefits of good CSR are manifold. Doing business costs less if people who work together in an enterprise trust one another and operate according to a common set of ethical norms. The ethical principles of openness and honesty can be enhanced through CSR disclosure.

[2] Clary, Jamie, 'Investors helping corporations develop a conscience' Nashville Business Journal, April 3, 1998:33

[3] Batt, Carolyn 'Ethics link boosts profit for investors', Age, May 14, 2000:23 (based on US funds)

A viewpoint prevalent in the 1970's and to a lesser extent in the 1980's, was that corporations existed solely to maximise shareholder wealth. This has been challenged in recent years. A more enlightened viewpoint, following the excesses of the 1980's, is that corporations were first chartered to serve the public purpose, and in return were granted certain privileges (for example, limited liability, transport, telecommunications and other infrastructure). Benefits, granted by society, carry certain responsibilities to society with them. In order to be good corporate citizens, corporations need to take their social responsibilities seriously and consider the wellbeing of all stakeholders, not shareholders exclusively.

CSR and the Banking Industry

Evaluating the performance of banks as responsible corporate citizens and their success or otherwise in meeting the needs of all stakeholders is important, especially in Australia. Banks make up the largest industry sector on the Australian Stock Exchange (ASX). Approximately 18% of listed companies on the ASX are banks and there were seven financial institutions in the top twenty companies in 1999.

Virtually all Australians are stakeholders in banks in one way or another. More households in Australia own shares (either directly or indirectly) than in any other country in the world. Many Australians became direct shareholders for the first time with the Commonwealth Bank's initial public offering (IPO) in 1991.

When evaluating CER performance, there is evidence to suggest financial institutions (FIs) generally are lagging the field, as shown in Table 2. Although banks have less impact on the natural environment than (say) the chemical or mining industry, their relatively low impact on environmental sustainability (CER) is more than compensated for by their impact on society as a whole.

TABLE 2: GLOBAL ENVIRONMENTAL REPORTING DATA

	Financial Services	Consolid Products	Electrical	Motor Vehicles	Chemicals	Merchandising	Trading	Utilities	TOTAL
G100 firms in sector	30	4	16	12	11	8	8	11	100
Reporting firms	2	3	16	6	9	0	2	5	43
1999 % reporting	7	75	100	50	82	0	25	45	45
G100 firms in sector	21	6	13	14	19	11	11	11	11
Reporting firms	2	5	7	8	14	0	0	3	3
1998 % firms reporting	10	83	54	57	74	0	0	27	39

Source: The State of Global Environmental Reporting: The 1999 Benchmark Report, KPMG

Most Australian citizens are bank 'customers' either as depositors or borrowers or both. Many will also be employees - the sector is one of the largest employers in Australia (although not as important as it used to be due to extensive redundancies in recent years). Outsourcing of services, in banking as in other industries, suggests there will also be a large body of contractors and consultants to the banking sector. Due to its sheer size alone, there will be many suppliers of goods and services to the banking sector. Further, the economy as a whole depends upon the banking sector in its role as a conduit between borrowers and investors. All Australians stand to benefit from a socially responsible banking sector.

CSR Evaluation Framework

The purposes of evaluation (Owen, 1993) of CSR are enlightenment, accountability, improvement, and development reasons. Enlightenment refers to gathering information that illuminates (Parlett and Hamilton, 1977), ie. it can help those in the organisation to understand more about CSR, its advantages, what are and how its objectives can be achieved. Accountability (Mulgan, 2000) refers to the obligations which arise when one body is responsible to another for the performance of a service. The obligations are first to account for the performance of duties and second to accept sanctions or redirection. Corporations have usually met these obligations through reporting in their annual reports. In addition to financial reporting, information provided might involve knowledge about the way in which corporate responsibilities were being managed or the impact or effectiveness of the activities. Evaluation can also identify what is the most appropriate way of developing activities to achieve responsible outcomes for organisations and the communities in which they operate.

Evaluation has traditionally examined the performance of individuals or organisations against some criteria. Often the criteria are objectives derived from the mission, values and objectives established in the strategic plan of the organisation. Corporate social responsibility must be regarded by the organisation as valuable if resources are to be directed towards its achievement. Performance in this regard is assessed by comparison with objectives, past performance, standards, specific targets, and/or benchmarks provided by other organisations. Standards are what are seen as desirable of attainment; targets are what are realistically achievable. Standards for corporate social responsibility are yet to be established although the WBCSD has identified key priority areas that deserve attention.

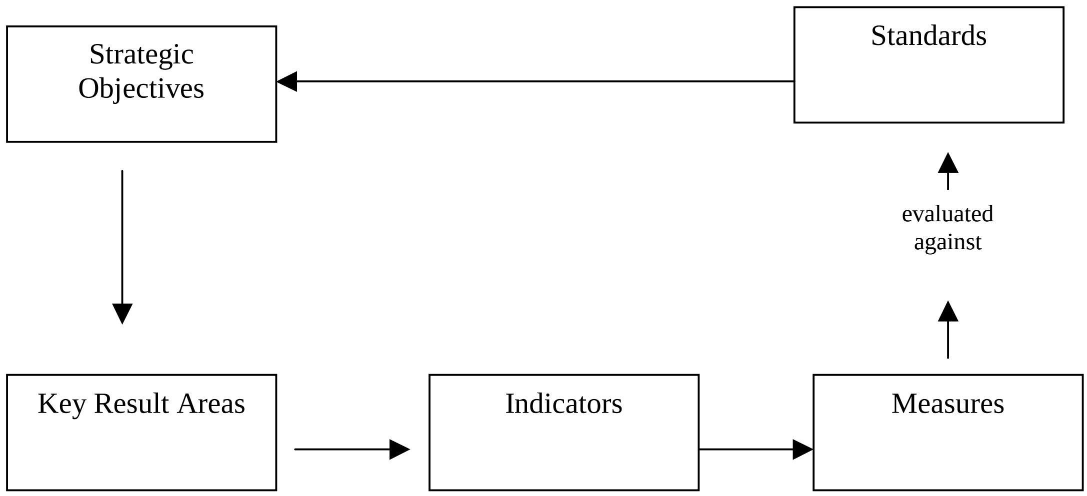

Figure 1. Strategic objectives determine key result areas. Indicators for each area are identified, measured and evaluated by comparison with a standard or target. The results feed back to influence the strategic objectives. The process is iterative and dynamic.

The first step in this evaluation process is to identify the key result areas to be evaluated, then indicators of the areas, and finally decisions are made about how the indicators can be measured. The evaluation of performance is made by comparison with some criteria or target.

The key result areas that could be considered in an evaluation of CSR have been selected for this study from the priority areas described by the WBCSD (1999). The selected indicators are based on the following WBCSD categories: 'Corporate Governance and Ethics', 'Customer Reporting', 'Employee Reporting', 'Community/Environment Reporting', and 'Shareholder or Stakeholder Focus'. The indicators form a framework that provides a model for assessing the best practice of the banks on the selected dimensions of corporate social responsibility. This evaluation questions the extent to which each of the banks meets the CSR criteria.

Data and Method

Although large in terms of value and overall impact on the ASX, due to mergers and acquisitions, the actual number of listed Australian banks is quite small. A structured, selective sample of Australian banks has been used in this study. All four major banks; ANZ Bank, Commonwealth Bank, National Australia Bank and Westpac Banking Corporation have been included, due to their size and influence on the sector. Four regional banks, selected to allow representation from different states, have been added to give a total sample size of eight. Regional banks include Bendigo Bank from Victoria, Bank of Queensland, St George Bank and Suncorp Metway.

Data collected to evaluate CSR performance is taken from 1999 annual reports.

The CSR cross-sectional performance of the banks was assessed by a comparative content analysis between the banks operating in various sectors (large and small capitalisation stocks) and the banks within each sector. Content analysis is a coding scheme, used to classify textual material and can be applied to notes and non-quantitative data. Textual content is analysed by explicit rules called criteria of selection, which must be established before the actual analysis of the data (Berg, 1998). Data relevant to the indicators listed above were assessed on Sweeney and Estes (2000) criteria : relevance, freedom from bias and their understandability.

Results

Table 3 shows the results of content analysis for the 'Big 4' Australian banks. When the criteria of relevance, freedom from bias and understandability are applied to the banks in the large capitalisation sector, the ANZ Bank is ranked first. Although, in common with other banks, there is nothing on environmental performance, it includes more information relevant to CSR than the other banks. There is certainly room for improvement, but ANZ's focus on employees in particular as major shareholders places it well ahead of other banks in this category when the criterion of relevance is applied. ANZ Bank is also more likely to report information in an unbiased way. The results of a staff survey for example is willing to reveal both favourable and unfavourable performance against benchmarks. The section dealing with customers scores well on understandability due to the concise reporting of outcomes and objectives by customer segment.

TABLE 3: BEST PRACTICE IN TRIPLE BOTTOM LINE PERFORMANCE AND REPORTING:
BIG 4 AUSTRALIAN BANKS

Criteria ***Bank***	***Corporate Governance & ethics***	***Customer reporting***	***Employee reporting***	***Community/ Environment reporting***	***Shareholder or stakeholder focus***	***Ranking & additional comments***
ANZ Banking Group (ANZ)	Appears to be narrowly based code of conduct for executives in report	Concise reporting of outcomes and objectives by customer segment	Results of staff survey published – performance against other coys reported	Support for staff volunteerism Financial assistance - $ & recipient	Stakeholders identified as shareholders, staff, customers and community	• Broader view of stakeholders than other big 4 banks; employees appear to be included as major stakeholder • Best for employee reporting, (although room for improvement) • Unbiased reporting of results from staff satisfaction survey – willing to report against peers, even when unfavorable • Objectives for 2000 provided, but could be difficult to measure • Nothing on environmental performance
National Australia Bank (NAB)	Reference to code of conduct with ‘strict ethical guidelines’ issued to all staff	Case studies by customer segment	Nothing of substance reported on employees	Key objective to be ‘socially responsible organisation’ - community case studies	Stakeholder focus in vision and value statements includes customers & communities	• Good coverage of community objectives and initiatives • Code of conduct appears to go beyond mere regulatory compliance • Very poor coverage of employee information, not included as stakeholders • Nothing on environmental performance
Westpac Banking Corporation (WBC)	Reference to being a ‘good corporate citizen’	Case studies by customer segment	Nothing of substance reported on employees	Limited to reporting sponsorship of athletes	‘Stronger customer and community focus as key to shareholder value’	• Ahead of other banks in ethical investment initiatives, (but not covered in annual report of WBC) • Code of conduct appears to go beyond mere regulatory compliance • Very poor coverage of employee information, not included as stakeholders • Nothing on environmental performance
Commonwealth Bank of Australia (CBA)	Reference to statement of professional practice including EEO	Case studies on youth, individuals, families, rural, business & institutional customers	Nothing of substance reported on employees	Nothing of substance reported on community partnerships	Focus on customers and shareholders in report but reference to staff in value statement	• Social responsibility is implied in the focus on a broader shareholder base – including young people and rural customers • Very poor coverage of employee information • Lack of coverage of philanthropic activities, employee volunteerism or community partnerships • Nothing on environmental performance

All of the banks appear to go beyond shareholders to a stakeholder focus, but evidence of a strong commitment to going beyond lip service to implementation of broader based objectives is thin. Statements appearing under 'corporate governance and ethics' for example appear to be narrowly based.

WBC is ahead of the other major banks in initiatives to set up ethical investment funds, but as with the NAB and CBA, reporting of employee information is very poor. The NAB scores well on coverage of community objectives and initiatives, whereas CBA is commended for its focus on young people and rural customers.

Apart from a similar lack of attention to environmental performance, evaluation of CSR performance of Australia's regional banks is more rewarding. Bendigo Bank is ranked first in the small market capitalisation sector and overall. There is evidence to suggest they have gone beyond mere lip service to a clear stakeholder approach. There appears to be more substance to their code of conduct than is the case with other regional banks. As with WBC, they have ethical investing alternatives available for customers, including a Community Aid Abroad initiative. Their social reporting is more enlightened than all the other banks in that they focus on responsible corporate citizenship through partnerships with the community rather than charity.

TABLE 4: BEST PRACTICE IN TRIPLE BOTTOM LINE PERFORMANCE AND REPORTING: AUSTRALIA'S REGIONAL BANKS

Reporting Criteria Bank	***Corporate Governance & ethics***	***Customer reporting***	***Employee reporting***	***Community/ Environment reporting***	***Shareholder or stakeholder focus***	***Ranking & additional comments***
Bendigo Bank	More substance to ethics & code of conduct than other regional banks	Clear focus on customers Case study and figures on growth in customers and lending approvals	Reporting of long service leave awards with specific staff identified Comparison of staff numbers over 2 years	Community partnerships – focus on citizenship rather than charity Case studies	Clear stakeholder focus, especially customers and community	• Best regional bank report CSR reporting • Ethical Investment Trust, Community Aid Abroad Initiative, established in 1992 – 'socially and environmentally beneficial' investments – all proceeds distributed to CAA • Emphasis on descriptive reporting of CSR activities, greater emphasis on CSR facts and figures would provide a more balanced view of activities • Nothing on environmental performance
Suncorp-Metway	Code of ethics is narrowly based – little beyond insider trading	Case studies on various types of customer groups	Reporting of desire to avoid reducing staff levels & redundancies Comparison of staff numbers over 2 years	Reporting of staff volunteerism and community initiatives	Stakeholder focus, reference to customers, employees, shareholders	• Runner-up regional bank • Philanthropic rather than community/partnership approach in one sense, but employee engagement in community fund raising activities represents a move towards a partnership approach • Emphasis on descriptive reporting of CSR activities • Nothing on environmental performance
Bank of Queensland	Narrowly based Reference to ethical and legal compliance manual only	'Three Free Mornings' initiative Withdrawals without transaction fee for customers	Reference to staff survey Facts &figures not reported Increase in staff numbers reported	Lacks substance 'Continued commitment to commercial, community & philanthropic initiatives'	Objectives re contribution to Queensland growth, linked prosperity Shareholder focus in report	• Report geared towards shareholders • Little of substance for other stakeholders • 'Three Free Mornings' is a good social initiative that could assist customers with lower balances – 'feature no other bank offers' deserves more attention in report • Reporting of results from staff survey would enhance report • Little of substance on CSR in report • Nothing on environmental performance
St George Bank	Almost exclusively based on avoidance of insider trading	Core strategies focused on customer link to creation of shareholder value	Reporting of maternity leave & high rating by female staff Star awards	Financial assistance in $ provided through St George foundation	'Working with other stakeholders => max shareholder value'	• Focus on shareholder value as ultimate aim – staff meet needs of customers; customers provide value for shareholders • Reporting of results from staff and customer surveys would enhance report • Little of substance on CSR in report • Nothing on environmental performance

All of the regional banks score well on understandability as applied to the customer reporting indicator. The Bank of Queensland for example scores well on relevance and understandability with its report on a 'free mornings' initiative, when customers can make withdrawals without transaction fees. Suncorp Metway provide case studies on various types of customer groups and St George reports to the link between customers and the creation of shareholder wealth. Evidence of freedom from bias however is hard to find. All banks, apart from ANZ on a single employee indicator, are reluctant to report hard evidence of both good and bad performance against benchmarks.

Summary and conclusions

Corporate social responsibility (CSR) reporting lags CER reporting globally and Australia is no exception. As shown in Table 2, Financial institutions (FI's), generally, are lagging the field on reporting environmental (CER) performance. Australian banks are notable however for their *total* lack of reporting on CER. Table 5, analysing the CSR performance of a best practice global bank, Credit Suisse, illustrates how far Australian banks need to go to achieve best practice in CER.

TABLE 5: BEST PRACTICE IN TRIPLE BOTTOM LINE PERFORMANCE AND REPORTING: GLOBAL BENCHMARK BANK

Criteria ***Bank***	***Corporate Governance & ethics***	***Customer reporting***	***Employee reporting***	***Community/ Environment reporting***	***Shareholder or stakeholder focus***	***Ranking & additional comments***
Credit Suisse *One of the leading sustainability companies in banking sector in Dow-Jones sustainability index*	New group wide code of conduct introduced in 2000 with 12 core values and guiding principles – supplements compliance manuals, guidelines & policies including environmental policy	Little of substance on performance in meeting customer objectives in annual report	Reference to job creation, graduate employment, training programs, equal opportunity; but lacking in substance	Detailed report on energy, material & resource savings. Brief overview of charitable commitments &sponsorship	Vision and values statement not provided. Annual report focuses clearly on shareholders. Separate report on environmental performance Lack of focus on other stakeholders	• Comprehensive coverage of environmental performance, including ISO14001 compliance • Unbiased report on environmental performance, including weaknesses as well as strengths • Facts and figures provided on environmental performance, as well as policies, objectives and case studies, bi-annual report from 1995/96 improving through time • Represented in 10 portfolios run by ecological/ethical funds • Segment report on CSFB 'group in society' but social reporting is well behind environmental reporting

On a more optimistic note, Australian FIs are recognizing the need to move beyond a blinkered shareholder approach to a more broadly based stakeholder approach, with Bendigo Bank providing the best stakeholder focused report and a model for others to follow in this respect. Unfortunately, most of the reports appear to be long on rhetoric, and short on how they are making this happen in practice. There is some evidence of a move towards a more customer (and in some cases community) focused report (Centre for Corporate Public Affairs, 2000), but CSR reporting is in an embryonic stage in Australian FIs, and there is much to be done if Australian banks are to match global best practice in CSR reporting.

This study represents an attempt to evaluate corporate social responsibility using a framework for CSR based on WBCSD priority indicators. Rankings are based on reported CSR performance, not actual CSR performance. As explained above, it is in the interests of reporting entities to ensure a high correlation between the two. The indicators selected for this study are not the only areas that are important or exclusively demand reporting. Further, the analysis is limited to the extent that it relies on externally reported information in published annual reports. There is a move towards more concise material published in hard copy and more extensive material made available through the internet.

Corporations report both voluntary and mandatory information. Voluntary information is influenced by industry best practice. However, for many corporations, including banks, data reported are determined by what is required to be reported in Annual Reports in Australia and the Codes of Practice regarding reporting adopted by the Australian Banks. The above analysis suggests Australian banks are concentrating on mandatory requirements that are focused on the single dimension of the financial bottom line and there is considerable room for improvement in best practice CSR reporting in Australian banks.

The framework may be inappropriate to other countries if similar data were not available, due to differences in listing rules and governance requirements. Hence, its use in a global environment is questionable. Nevertheless, the framework provides a basis for evaluating best practice in social responsibility which could be applied not only to banks but in many other industry sectors. This is the first of several studies by the Business Ethics Research Unit which will explore CRS and TBL reporting in a variety of settings.

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