

**Corporate Social Responsibility (CSR):  
Tailoring Regulation and Government Policy to  
the Needs of Small and Medium-Sized  
Enterprises**

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**PhD Thesis**

## Abstract

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My thesis topic relates to Corporate Social Responsibility (CSR) in small-to-medium enterprises (SMEs). It proceeds on the basis of attempting to answer three research questions:

Research Question 1:

To what extent are SMEs a critical component of the CSR debate?

Research Question 2:

What are some of the unique characteristics of SMEs which prevent them from engaging in CSR and require a different regulatory approach?

Research Question 3:

What are the potential regulatory solutions to address the problem of promoting CSR within SMEs?

SMEs comprise the vast majority (99%) of businesses in Australia, and as such, contribute extensively to the economy, as well as the negative aspects of business such as pollution, workplace injuries, prosecutions, and so on. Given these contributions, it logically follows that SMEs should be considered in the context of promoting businesses to engage in CSR. It is also clear that SMEs differ quite considerably from the larger publically listed enterprises that are quite frequently envisaged when debating the need for CSR. Given SMEs' importance to CSR, and their unique characteristics, it is clear that there is a need for solutions to the problem of promoting CSR that are tailored to their unique circumstances, rather than 'one size fits all' solutions that presupposes SMEs operate in the same fashion as large enterprises.

This thesis traverses corporate history, as well as the history of CSR, noting the academic debates and pointing to the fact that research on CSR within SMEs is a quite recent development. It considers theoretical perspectives of the corporation (for example, shareholder primacy versus stakeholder theory) and on regulatory techniques (for example, command and control regulation versus responsive regulation). The thesis extensively reviews the literature on SMEs, their approach and involvement in CSR, and how this differs from large enterprises. The thesis also reviews the legal system in place to promote and regulate CSR. The legal system in place is a combination of corporate law (directors' duties and disclosure requirements), public procurement rules, and legislation in specific areas (for

instance environmental protection legislation). It is clear that much of this regulation is aimed towards larger enterprises, creating a need for reforms to address this imbalance. Three case studies are presented to assist in answering the research questions attached to this thesis. First, a case study is presented to quantify the proportion of environmental and workplace safety related convictions that SMEs account for. This in part answers Research Question 1. The second case study attempts to explain the reasons for the workplace safety related convictions (i.e what were the deficiencies that led to the injury/death and therefore to the prosecution). This in part answers Research Question 2. The third case study reviews the involvement of Meat and Livestock Australia (MLA) in the live export trade with a particular focus on MLA's efforts to regulate the industry and further CSR related objectives such as animal welfare. This case study will in part answer Research Question 3. The thesis will then conclude by proposing an array of reforms including: business ethics education, public procurement reform, trade associations and networks, market based regulation and general regulatory enforcement options as a means to promoting CSR within SMEs.

## Declaration

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I certify that this work contains no material which has been accepted for the award of any other degree or diploma in my name in any university or other tertiary institution and, to the best of my knowledge and belief, contains no material previously published or written by another person, except where due reference has been made in the text. In addition, I certify that no part of this work will, in the future, be used in a submission in my name for any other degree or diploma in any university or other tertiary institution without the prior approval of the University of Adelaide. I give consent to this copy of my thesis, when deposited in the University Library, being made available for loan and photocopying, subject to the provisions of the *Copyright Act 1968* (Cth). I also give permission for the digital version of my thesis to be made available on the web, via the University's digital research repository, the Library Search and also through web search engines, unless permission has been granted by the University to restrict access for a period of time

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Signature: Heath William Evans

10 October 2016

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My parents, Brenton and Cherie, have provided tremendous support not just throughout my PhD, but throughout what is now a decade of tertiary study. Without their generous support I would not have been able to pursue this course of study. As teachers, they have placed a high importance on education and this has shaped me into the person I am today. Whilst a lucrative career in private practice and the promised yacht for retirement seems increasingly far away, I hope they gain satisfaction from my being the first person in my family to attain the title of doctor.

To my partner, Jillian Holloway, you have been unwavering in your support of me throughout our time together. I am greatly indebted to you for your love and support and picking me up through the more challenging and stressful moments of my PhD candidature. It was a great comfort to know that I always had you in my corner, whatever that entailed, and I am excited for what the next phase of our lives will bring.

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To all those who have helped me throughout my PhD candidature, I thank you.

## List of Abbreviations

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<b>ABC</b>	Australian Broadcasting Corporation
<b>ABGR</b>	Australian Building Greenhouse Rating
<b>ABS</b>	Australia Bureau of Statistics
<b>AFL</b>	Australian Football League
<b>ANZ Bank</b>	Australian and New Zealand Banking Group
<b>APCC</b>	Australasian Procurement and Construction Council
<b>ASIC</b>	Australian Securities and Investments Commission
<b>ASX</b>	Australian Securities Exchange
<b>BP</b>	British Petroleum
<b>CAMAC</b>	The Corporations and Markets Advisory Committee
<b>CSR</b>	Corporate Social Responsibility
<b>EPA</b>	Environment Protection Authority
<b>ESCAS</b>	Exporter Supply Chain Assurance System
<b>GFC</b>	Global Financial Crisis
<b>ICT</b>	Information and communications technology
<b>ISO</b>	International Organization for Standardization
<b>MLA</b>	Meat & Livestock Australia
<b>NGO</b>	Non-Government Organisation
<b>NLIS</b>	National Livestock Identification System
<b>OECD</b>	Organisation for Economic Co-operation and Development
<b>OH&amp;S</b>	Occupational Health and Safety
<b>OIE</b>	The World Organisation for Animal Health
<b>PGPA Act</b>	Public Governance, Performance and Accountability Act 2013 (Cth)
<b>PJC</b>	Parliamentary Joint Committee
<b>PMT</b>	Profit Maximisation Theory
<b>RSCPA</b>	Royal Society for the Prevention of Cruelty to Animals

<b>SEC</b>	Securities Exchange Commission
<b>SMEs</b>	Small and Medium-Sized Enterprises or alternatively Small-to-Medium Enterprises
<b>UK</b>	United Kingdom
<b>US</b>	United States

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## List of Research Questions

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Research Question 1:

*To what extent are SMEs a critical component of the CSR debate?*

Research Question 2:

*What are some of the unique characteristics of SMEs which prevent them from engaging in CSR and require a different regulatory approach?*

Research Question 3:

*What are the potential regulatory solutions to address the problem of promoting CSR within SMEs?*

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