CSR IN AUSTRALIAN CREDIT UNIONS' DECISION-MAKING PROCESS (NOT)

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ABSTRACT

Purpose
This paper provides a snapshot of the role that Corporate Social Responsibility (CSR) plays in the decision-making process within small regionally based credit unions.

Design/methodology
The findings are based on a qualitative analysis of semi-structured interviews with members of the management team of credit unions. The primary analysis tool utilised was content analysis.

Findings
CSR impacts are not formally captured within the decision-making processes in credit unions. While credit unions are concerned about the issues encapsulated in the concept of CSR they are yet to identify a medium to integrate, measure and report on these issues.

Research limitations
This paper reports on the outcomes from interviews conducted in a small percentage of credit unions. Participation in the study was restricted to regionally based credit unions located in the mainland Eastern states of Australia.

Originality
Unlike other studies in the area this paper explores CSR from the perspective of organisational decision-making rather than from the perspective of annual reports. The context of the study is small to medium sized enterprises in the not-for-profit sector which has been under researched in the domain of CSR. Finally the study focuses on organisations that have an emphasis on social rather than environmental constructs of CSR.

KEYWORDS
Corporate Social Responsibility, CSR, Credit Unions, Decision-making.

INTRODUCTION

Sustainability is viewed as the ultimate goal and the purpose for which a Corporate Social Responsibility (CSR) strategy is enacted. Milne and Gray (2007, p. 195) capture the enormity of the concept in their definition: "Sustainability is a *systems* concept and not an organisational concept. Sustainability is concerned with equity and justice, and with ecological limits as much as if not more than, economic efficiency".

Korten (1995, p. 50) recognised the potential constraints of business boundaries and issued a challenge to organisations to preserve the spotlight on their actions:

> "If our concern is for a sustainable human wellbeing for all people, then we must penetrate the economic myths embedded in our culture by the prophets of illusion, free ourselves of our obsession with growth, and dramatically restructure economic relationships to focus on two priorities:
>
> 1. Balance human uses of the environment with the regenerative capacities of the eco system, and
> 2. Allocate available natural capital in ways that ensure that all people have the opportunity to fulfil their physical needs adequately and to pursue their full social, cultural, intellectual and spiritual development".

Fundamental to the effectiveness of any change is a need for organisations to be aware of the impact of an organisation's actions. Further it requires the organisation to establish procedures and mechanisms for appropriate consideration of these impacts in the decision-making process, and in the monitoring and reporting of the social and environmental impacts of the firm's activities.

This paper presents a snapshot of the role played by CSR in the decision making process of a segment of the credit union sector; regional based, small credit unions in Australia. This sector was chosen for the close ties it holds to the community in which it operates. The paper explores how information regarding the social and environmental impacts arising from actions by credit unions are integrated into the decision-making process. The research undertaken finds a strong desire to adopt a CSR strategy by the management of the participating organisations but finds that there is a lack of any structured approach to assimilating such a strategy within organisation's decision making processes.

BACKGROUND TO STUDY

Davis (1991) had observed that sustainability, as the goal of a CSR strategy, presents a challenge to restructure industrial and commercial systems. Such a restructure will require organisations to change basic assumptions and beliefs if the challenge is to be taken up in its entirety (Davis, 1991, p. 27). The nine transformational strategies suggested by Davis (1991) in order to progress business in the direction of sustainable development cover aspects of ownership, human resource management, management goals and investment evaluation strategies. These strategies provide the cornerstone of a new set of assumptions and beliefs needed for organisations to restructure in order to move towards sustainable development (Davis, 1991).

A number of studies have explored the question of whether stakeholders use the information disclosed by corporations. These studies have looked predominantly at disclosures by profit driven corporate organisations and at disclosures by external monitoring organisations and bodies evaluating the actions of organisations (Belkaoui, 1976; Freedman & Stagliano, 2002). For example, Deegan and Rankin (1997) found that environmental information was used in decision making by external stakeholders and the primary source of such information was the annual report. A strong demand for information about product safety and quality, in addition to environmental activities, was established by Epstein and Freedman (1994) in their survey of the usefulness of annual reports to corporate shareholders. A survey undertaken across Australia, North America and Europe found that approximately 50% of the sample of international participants had either looked at, or read a CSR report and were influenced by the report in their decision making (GlobeScan, 2004). These studies have supported the assertion that external stakeholders use the information reported in respect to environmental and social impacts and that the published information can potentially effect share price.

The implied assumption behind the preparation of reports is that the information contained within the reports has value to the reader. Traditional financial reports are purported to be prepared in order to convey to the readers some understanding of the financial wellbeing of the organisation. If increasing readership is an indication of the value of the report to the reader, then evidence suggests that demand for social and environmental reports is increasing (GlobeScan, 2004). By implication there is therefore an expectation that social and environmental issues are included as an aspect of organisational decision-making.

Alternatively, acting on and reporting issues of CSR could be viewed as a responsibility arising from the notion of the ethics of accountability. An ethic of accountability requires any moral act to be carefully considered in its physical and historical context (Dillard, 2007). By accepting fiduciary responsibility over society's economic resources, an organisation is also accepting that it will be held accountable, thus establishing a bond of accountability (Dillard, 2007). To satisfy this notion of accountability, organisations must provide relevant and understandable information in order for an evaluation of performance to be undertaken. Such an evaluation would require the criteria to be established which reflect the norms and values of society (Dillard, 2007). Credit unions have a stated social mission which implies a responsibility for the way they interacts with society, hence the adoption of a ethics of accountability lens for this study.

Spence (2007) argued that the business case, rather than being an isolated theory of explanation, provides a context for understanding the various theories currently advanced to explain the motivation behind CSR reporting. Spence argued that the frames of reference have changed over the last twenty years. The question is no longer whether business should be responsible, but rather the degree to which responsibility can be taken on by business. If it is accepted that there exists a fundamental conflict between corporate economic activity and societal and environmental wellbeing, then there are limits on the level of responsibility that business can accept (Spence, 2007). Such conflicts are less apparent in the credit union sector which features social concerns in the fundamental goals of credit unions. This leads to the question, are credit unions acknowledging a responsibility to social and environmental impacts in the management of the credit union activities?

As noted by Lopez *et al.* (2007), social and environmental elements are increasingly present in corporate strategies and are significant elements in management. The role of accountants is well entrenched in management structures and in the decision-making process. However, limitations on the information provided by the traditional financial reporting process arise as accountants ignore or overlook non-financial costs, such as the use of non-local labour, impact on small communities of a reduced labour force resulting from retrenchments and degradation of the environment, on the basis that these costs are not directly quantifiable in monetary terms. Such costs are usually left as notes to the accounts, if they are mentioned at all, and are considered as secondary qualitative information (Robson, 1991). The limitation of this model of decision-making is that it provides only a single dimension to the organisation. It implies profit is the only determinant of success. In order for social and environmental impacts to be acknowledged as elements of performance, the impact on society and the environment must be included as a primary part of the decision-making process.

However, this link between economic performance and social and environmental impacts is generally missing in decision-making (Ullman, 1985). Ruffing (2007) used information primarily from the *Financial Times* to shadow the reported social and environmental performance of BHP. Management's failure to use the information was considered by Ruffing (2007) to be the most important finding from the study of BHP and can be identified as a serious flaw in current reporting mechanisms. The focus of current reporting mechanisms is on the disclosure of information to stakeholders in order to meet sustainability goals. However, the mechanisms do not provide a connection to the broader organisational goals, nor a process by which to embed CSR activities in the organisation's decision-making processes. The difficulty in current practice is the need to identify a champion of CSR in order to avoid undermining the effective introduction of a CSR strategy that was evident in O'Dwyer's study (2005). O'Dwyer (2005) asserts the need for the integration of mechanisms to ensure impact on corporate decision making by, for example, key performance indicators incorporating social and environmental aspects and formal member/board engagement activities, reduces the power of Boards to undermine the process. Such an approach would clearly involve accountants and require the profession to re-examine the role accountants play and the information they utilise in informing management.

Ruffing (2007) identifies management's non-use of the reports as a gap in the reporting process, but this is also a gap in the CSR literature. To date there has been little work on the extent to which organisations use the information published in annual reports for internal management, as opposed to managing stakeholders. There has also been little attention devoted to small to medium organisations and the not-for-profit sector with a focus on social dimensions. Further, there is an opportunity for exploring how organisations can utilise existing data collection systems to assist them in the generation of reports about the social and environmental impacts of organisations and thus generate information in a timely and useful way for decision-making.

Clear indicators of the expectation that accountants would use their role within organisations to bring about change in the manner of costing activities emerged from the European Union's document *Towards Sustainability*. One of the suggestions which arose was that accountants implement a change to costing systems to acknowledge and internalise environmental costs (European Commission, 1992) however, as noted by Deegan, (2007) this call has not been universally adopted.

Credit unions have clearly defined social goals embedded in their mission statements. Despite the explicit requirement to ensure decision making recognises the interests of both members and the wider community, there is no uniform framework to ensure that impacts on the community are integrated into the decision-making process. In particular, there is no framework whereby the impacts of decisions made by credit unions on the community are reported. Thus it was identified that further research was needed to gain an understanding of how the constructs of CSR are incorporated into organisational decision-making in this sector.

Utilising field studies as a part of an engagement process can ultimately lead to improvement in the integration of sustainable issues into business decisions. Should such an approach require a fundamental rethink of current business practices, as is suggested by the critical theorists, then business engagement in the process becomes critical to effect a transformation of an organisation. This is in contrast to the array of work which has examined how organisations use the report and information contained therein to manage stakeholders.

Thus the aims of this paper are to investigate if credit unions acknowledge a responsibility to social and environmental impacts in the management of their activities; and to determine if CSR strategies are incorporated into the decision-making process of credit unions. The decision to explore these questions in the context of credit unions rests with the unique nature of credit unions which have social outcomes articulated in the mission statement. The paper will give a background to the credit union sector with a particular reference to their role in Australia. This followed by the research design and findings from the study. The paper closes with a conclusion and discussion of the limitations of this study.

CREDIT UNION SECTOR

Credit unions operate as financial organisations within the banking sector. This sector includes member based organisations, such as credit unions and building societies, and shareholder based organisations including merchant and commercial banks. A credit union is a cooperative financial institution, owned and controlled by the members who use its services (WOCCU, 2007).

The banking sector, by its nature, requires elements of corporate responsibility in terms of the processes it uses to provide services (Decker, 2004). Banks and financial institutions play a unique role in the market for information in terms of their role as facilitators between buyers and sellers of information and financial products, and as holders of fiduciary responsibility to prudentially manage customers' funds. As facilitators of the process to manage, save and invest funds they play a 'key role in sustainable economic and social development'(Decker, 2004, p. 716). Banking and financial services are provided by banks and non-banking institutions. Regulation of the sector in Australia is primarily the domain of the *Banking Act 1959 (Cwlth)* and the Australian Prudential and Regulatory Authority (APRA, 2006), and is supported by other legislation and commercial regulatory bodies such as the *Australian Corporations Act* and Australian Stock Exchange.

Credit unions are distinguished from commercial banks in terms of the variety of services they are able to offer, but in particular by their ownership structure. In Australia commercial banks are operated as corporate entities owned by shareholders, whereas credit unions are co-operative, member based organisations. Credit unions distinguish themselves from corporate banking institutions by the nature of the banking services they provide. Credit unions provide many of the same financial services that banks do, such as savings and cheque accounts, youth and senior accounts, loans and insurance, however the focus of their mission is on serving the community in which they operate, whether it is a town or suburb, a workplace or industry (WOCCU, 2007). Such a community role is not an explicit feature of commercial banks. As mutuals, credit union customers are the owners, resulting in a focus on members and benefits for the member, with no emphasis on generating profit for external shareholders. The premise is that any earnings in excess of operational costs are returned to the members in the form of increased interest on savings, decreased rates on loans, or other new and improved services.

The growth in credit unions has been evident in both the market share of financial services captured by the growth of credit unions within countries and in the number of countries where credit unions are present (WOCCU, 2008). There has also been a growing literature base exploring this impetus for growth in market share (Goddard, McKillop, & Wilson, 2008; Ryder & Chambers, 2009) and the drivers of performance (Goddard et al., 2008; Hillier, Hodgson, Stevenson-Clarke, & Lhaopadchan, 2008) particularly in the United Kingdom (UK) and the United States of America (US). Table 1, based on a similar comparison in Ryder (2008), provides a summary of the respective size of credit unions in Australia, the UK and the US. Unlike the UK, the US has had effective regulations and a unified credit union association which it is postulated, by Ryder (2008), to have promoted the high level of relative growth. Cutcher (2008) provides a history of the development of the Australian credit union sector in her paper comparing the approaches of credit unions versus community banks. The development of Australian credit unions, while not yet at as high in terms of market penetration, has largely mirrored the experiences of the USA with both exhibiting strong regulatory requirements within the sector.

	Australia	US	UK
Number of credit unions	122	7,969	473
Members	3,500,000	89,918,538	652,163
Market penetration(%)	24.2%	43.7%	1.6%
Savings (US$)	26,872,182,839	691,766,259,339	691,791,131
Loans (US$)	24,413,443,684	574,752,188,218	658,504,110
Reserves (US$)	2,615,430,279	89,061,105,616	112,886,419
Assets (US$)	31,349,959,619	825,812,776,839	856,778,974

(Figures sourced from (WOCCU, 2008)

Table 1::Summary of Credit Union size for Australia, US and UK

Three features typify credit unions: having a democratic structure, service to members, and social goals. The democratic structure of the organisation is reflected in both its membership base and control. Membership is open to all within the common bond of association (for example industry group or geographic region) with equal rights to voting. Elected office bearers are members taking on voluntary duties for which they may receive reimbursement of expenses, but for which no salary is paid for services.

The social goals are addressed in three ways - on-going education, co-operation among co-operatives, and social responsibility. The social responsibility feature of the social goals particularly encapsulates the role credit unions play in the broader community. Social responsibility captures themes around human and social development and social justice and weaves together the needs of members and the community. The Australasian Mutuals Institute (2007, p. 7) notes that “decisions should be taken with full regard for the interest of the broader community within which the credit union and its members reside”. The potential power to contribute to securing a sustainable future for regional communities by the adoption of social and environmental strategies was identified by Rogers and Ryan (2001). This observation provides an argument for the important role credit unions can play in geographically defined regions of Australia.

Social and Environmental Accounting, while not mandatory in Australia, is being addressed by Australian banks and credit unions. The approach adopted commonly in the commercial banking sector tends to be a formal statement included as part of the prescribed end of year reporting process, with the key placement of comments in respect to social performance on the web-site of the organisation (McGrath, 2003), whilst the credit union sector adopts a less structured approach.

A CSR toolkit has been developed by the Credit Union Foundation of Australia (CUFA, 2007) to assist credit unions to report on their social and environmental activities. The toolkit in itself does not present a guideline or standard for reporting, but rather provides a series of explanations and a step by step guide to reporting social and environmental impacts, primarily adopting the reporting categories of the Global Reporting Initiative (Global Reporting Initiative, 2006). The purpose of the CSR Toolkit is to enable credit unions to demonstrate their attributes of community focus, social responsibility and mutual interest through the reporting and disclosure of sustainability and corporate responsibility activities.

RESEARCH DESIGN

This paper focuses on one aspect of a larger project which explored CSR and CSR reporting in the credit union sector. In the final phase of the larger study elite sampling was adopted in order to obtain the views of the group, namely management, directors and regulators, which would be most closely involved in the implementation and reporting of CSR policy in the credit union sector.

For consistency, autonomous credit unions of a similar size and with two primary characteristics, being geographically based and regional, were selected to participate in the study. The decision was made to concentrate on credit unions with a specified geographic focus, rather than an industry or Australia wide focus. The choice of geographic focus builds on the notion that the problems faced by regional communities, such as the shrinkage of professional and other services and the degradation of the environment, are best solved by local information and solutions (Rogers & Ryan, 2001).

Geographically based credit unions play an important role within the communities in which they are located. This responsibility is clearly articulated in the mission statement of the overarching credit union industry body, requiring these organisations to serve the community. Credit unions operating in regionally based centres have the capacity to make valuable contributions to regional communities by the adoption of social and environmental strategies and, therefore, to secure a sustainable future (Rogers & Ryan, 2001).

The social goals were considered by the researcher to be more easily articulated by stakeholders where the organisation has embedded links to the community. Industry or special interest based groups and geographically dispersed organisations in the credit union sector, while having the same social goals embedded in their organisational philosophies, do not have the same level of focus on a geographically defined community. Thus these groups were excluded from the study in order to concentrate on those organisations which have developed within a bounded geographic community.

Three types of credit unions were identified as operating within Australia. The first group are those that have an industry base and operate nationally. Included in the second group are non-industry specific, identifying instead with a geographically defined area but which have been amalgamated with other geographically based credit unions and are administered by a central board of directors, often from a metropolitan base. The final group are those credit unions that are geographically based, but with a local board of management. It is the latter that were the subject of interest in the current study.

A list of all credit unions satisfying these criteria, and located in three states of mainland Australia, were identified from website information. The decision to restrict potential participating credit unions to Queensland, New South Wales and Victoria was made purely for ease of access by the researcher. Of the 131 credit unions identified in these three states, 35 qualified to be approached for interviews, based on their size and regional focus. Telephone calls, and email, where phone contact was unsuccessful, were used to seek participation in the interviews. Four organisations were able to provide access to a member of the management team and one director who was not a member of the management team for the interviews. Descriptive data on the four participating organisations are included in Table 2. In accordance with ethics requirements further information that may identify an individual organisation is not included. Two of the organisations who agreed to participate had a social and environmental agenda, although neither had published a report in the past year and the other two did not report, and had not reported CSR information at any time in the past. A member of one of the supporting bodies of the credit union sector also agreed to be interviewed. The option to adopt elite sampling was founded on the belief that the views of the group most closely involved in decision-making and reporting CSR would have the most valuable insights to offer.

ID	**Annual Report available on internet**	**CSR strategy**	**Member numbers**	**Deposits ($'000)**	**No. FT employees**	**Net assets ($'000)**
#1	Yes	No	10 000	133,764	40	14,508
#2	Yes	No	Not avail.	205,104	60	21,087
#3	Yes	Yes	4 500	41,642	15	3,326
#4	Yes	Yes	Not avail.	215,288	63	15,651

Table 2 Participating organisations descriptive data

The interviews were semi-structured and allowed the exploration of all issues raised by the participants. The interviews were taped with the permission of the participants and transcribed by the researcher. The transcripts of the interviews were analysed using content analysis, a technique for examining written material objectively and systematically (Liu & Chen, 2005) and considered to be useful for exploring and explaining research (Neuman, 2003). The content analysis technique identified common themes in the understanding of social and environmental impacts, methods of current reporting, categories to be reported, and the effectiveness of the current approaches to CSR. A phrase (rather than a word) was used as the unit of analysis for the purposes of the content analysis in order to identify themes and to best capture the concepts of CSR.

Limitations of one-on-one interviews include personal interaction, skills in listening, and access to potential participants (Marshall & Rossman, 2006). To overcome these limitations various strategies were put in place, including locating the interviews in a place that ensured participants were physically comfortable and that their privacy and conversation were protected (Patton, 1987), such as ensuring off site interviews, closed doors, and selection of members of the group that would not be in conflict, for example keeping separate the different levels of management and employees.

As noted previously there has been an absence of studies exploring stakeholders' needs and the practices of small to medium, not-for-profit organisations. For the selected group of credit unions, the stakeholders are generally contained within geographic boundaries and the credit unions maintain close community links and connections to discrete stakeholder groups of individuals and organisations within their operating area. The credit unions of interest in this study have their size constricted by the choice to retain a specific geographic focus and potential market. The views of these stakeholders are explored within the context of the core concept of the credit union body which calls for human and social development "expressed through people working together to achieve a better life for their community and themselves" (Membership Council of the World Council of Credit Unions, 1984, p. 2).

The internal structures of credit unions reflect their status as mutuals by virtue of being member focused organisations, conducting business for the benefit of members. Boards of Management guide policy and strategic direction whilst operations are the domain of Chief Executive Officers (CEO). While CEOs are employed to oversee the operational functions, the Boards of Management are elected by the members to develop strategy and monitor the activities of the CEO and the organisation.

FINDINGS

The following discussion of the findings will first examine the interview data from the perspective of the first research question: if credit unions acknowledge a responsibility to social and environmental impacts in the management of their activities. This will then be followed by a discussion of whether CSR strategies are incorporated into the decision-making process of credit unions. The comments by participants in the following discussion will be linked to the participating organisation by the identifier in Table 2 being included at the end of the quote including #5 indicating a response from the industry supporting body participant.

An underlying theme of the interviews, and an important element identified by participants was the commercial imperative for their credit union to adopt and report on CSR activities. This underlying theme mirrored Spence's (2007) findings in his UK study. Spence (2007) found that the business case as the driver of reporting was pervasive among the business managers interviewed. Nine of the 25 interviewees who were drawn from large commercial organisations in the UK indicated that peer pressure played an important role in decisions regarding reporting of CSR (Spence, 2007). In this study all respondents including those participants from organisations that had not adopted any strategy concerned with CSR indicated a pressure to become involved.

> "We don't have a measure, no benchmarks like capital and liquidity but when anything discussed includes a social dimension as a, you know topic of day like when producing pamphlets from pulp are they creating toxic pollution" #1.
>
> "Had some informal discussion: recently looked at examples in industry" #2.

Where there had been strategies adopted it was interesting to note the strong influence of members of management teams to the adoption of CSR strategies. In organisation #3 the move was strongly encouraged by the directors, whereas in organisation #4 the strategy was introduced by senior management.

> “ [Have] been doing environmental lending and long term sustainability for many years. Even though it is a very small credit union we are known quite well nationally for a lot of the environmentally things that we do” and,
>
> “In the mid1990’s environment was main focus but in 1996/1997 moved to social report. Long time thinking but the trigger was the strong environmental and social principles and strong influence of the directors” #3.
>
> “[This is an] Emerging concern for credit unions. [I] Consider[s] Board of Directors not ready to fully encompass social and environmental reporting. Would even suggest that the board does not want reporting, but does see differential as important” #4.

The participating organisations recognized the need to integrate social and environmental impacts in the management of their activities. However it can not be said that all of the participants acknowledge a responsibility to social and environmental impacts in the management of their activities. Indeed for two of the organisations the commitment does not appear to be more than an acknowledgement that this may be a requirement imposed on them. The tension between the directors and management for organisation number 4 also suggests a lack of conviction to the concept, and instead a perspective driven by monetary return. This finding has some resonance with Spence’s (2007) view of the existence of limits on the level of responsibility. Further, that the credit union sector, despite adhering to a philosophy of social concern exhibits a tendency to adopt a degree of responsibility.

While there is acknowledgment of the need to consider social and environmental impacts and a thus CSR strategy implementation it is also worth noting the following statement from the industry body. This statement gives some insight into the slow actual uptake of formal CSR strategies.

> “The credit union management moves slowly with a distinct culture, that being said there are elements [that are] very progressive” #5.

Noting the slow uptake respondents were also asked to reflect on the process of adopting and maintaining a CSR agenda that was, or was not, taking place at their organisation. Of particular interest were the following comments made by participants when discussing the constraints to adopting and reporting CSR; the comments provide further insight into the challenges faced by these organisations in their attempts to fully integrate and report on social and environmental impacts.

- Firstly, recognition that training and education is required:

> “skill set really needs to change and the culture of today to adopt a broader issues approach” #2.

- The need for resources and to maintain focus:

> [we were] “at the forefront when it all started, but it probably hasn’t kept up to speed and it hasn’t kept up with all the changes and best practice” #3.

- The need for some systems change:

> "Social and environmental bookkeeping system needs better development and allow better data collection" #3.

Three strong issues were identified from the interviews. Firstly, that any reporting of activities of the organisation, including reports for management should not be static, but be both reflective of the goals of the organisation and informative the goal setting process. Secondly, congruence between the social and environmental information and the financial information was critical, and finally that any model for reporting CSR would assist transparency and thus mitigate risk which was identified as a significant issue within the sector.

The notion of a strategic reporting model was also raised and is captured in the following interviewee comments which referred to data collection and a proposed CSR reporting model presented at the interview:

> " implies static reporting but Governance is dynamic " #2, and

> " possibly a strategic planning link into [the reporting] model" #3.

It was suggested by two participants, a manager and a director, that the goals and mission of the organisation should feed into the primary objective of reporting. This would ensure that all dimensions of performance were reflected in the resource allocation decision, an approach not adopted explicitly by any of the organisations represented by the participants in the study.

The inclusion of the organisation's goals into a model to report on CSR dimensions would ensure that profit capture did not occur and reflects a move towards a vision of stewardship identified as one of the nine strategies for sustainability by Davis (1991). Further, the inclusion of the goals of the organisation would reflect the identified need for change in the way goals of organisations are perceived (López et al., 2007). As predicted by López *et al.* (2007, p. 296) "Only if CSR practices are integrated into the strategic decisions taken in business will positive consequences be achieved".

There were two aspects of transparency raised by the respondents with the most common concerning the importance of showing that what you say is, in fact, what you are doing:

> "I think it is important it is transparent ... saying you're ethical, doing all your social accounting and environmental accounting then surely the underlying thing is transparency as well to your membership" #3.

The other aspect revolved around the responsibilities of directors in respect to decision making and the transparency of the decision making process when integrating social and environmental impacts:

> "Directors need to have some liability [pause] - responsibilities are dumbed-down as a result of compliance risk and can thus avoid this [CSR] perspective and this is not helpful if going to let social and environmental blossom and become meaningful" #1.

The issue of the responsibilities of management and directors as an element of corporate governance was raised as an area of concern. In particular, the concern that there was a danger that:

> "it will be recited as a mantra without regard to its real import. The tendency will be for those who have to pay regard to it to develop a 'tick the box' mentality" #2.

The above discussion provides some context therefore into why the credit unions in this study are not incorporating social and environmental concerns into their decision-making process. Reason provided for the lack of integration included:

- the lack of a systematic process to collate relevant data and the cost to develop a system to report into the decision-making process,

  "at the moment the question is do we want resources tided up to do something that will not improve performance" #4

  "Focus is on financials, the profit. Don't have a measure" #1
- Other pressure including regulatory requirements in the sector taking priority

  "Lower priority as number of compliance requirement. Past few years driven by compliance and core business" #3
- Failure to recognise as integral component of decision-making except from the view of maintaining a good reputation..

  "[CSR] Strategy is not formal" #2.

  "Reputational risk factored in to decision making re products services with groups to match significant group eg mining sector employees needs are fed from data used ie payroll or anecdotal evidence from management" #2.

CONCLUSION AND LIMITATIONS

The findings add to the understandings of how CSR strategies are incorporated or, as this study found, are *not* incorporated into decision-making in credit unions. While participants in the study were concerned that the stated objectives, to provide a balance of social, environmental and financial aspects to the management of the entity, were reflected in the operations of the enterprise they were yet to find a place in decision-making processes. This was articulated in a need to include the incorporation of the goals and mission of the organisation as an integral component of any reporting model. Respondents in this study indicated that current decision-making processes, are predominantly focused on traditional financial information. Further it was revealed that a champion within the organisation is needed in order for CSR constructs to be considered in the decision process.

The implication of this finding is that accountants could take a leading role in promoting attention to CSR through the provision of a broader base of information. Further, the development and adoption of a reporting model, which builds on accepted reporting and decision-making processes, would suggest implementation success. This engagement with current practice would be in contrast to the findings of O'Dwyer (2005) who found systematic stakeholder silencing resulted in a curbing of the required organisational change.

Several limitations and assumptions relating to the underlying research paradigm and research methods are acknowledged. The research presented in this paper was concerned with preferences expresses by participants from organisations which were regional organisations with a defined geographical boundary. Within the credit union sector this group represents only one type of credit union. The study is thus sub-sector specific and the findings could therefore be potentially restricted in terms of the transference of outcomes to other types of credit unions or organisations outside the credit union sector.

While there may be some similarities in the development of credit unions and regulatory frameworks for the banking and finance sector across nations this particular study was situated in regional Australia. There may exist a particular perspective on the role of credit unions for this particular sector of society that may also restrict the adoption of the findings to other regions and nations.

Finally, a particular concern was the low response rate across the study. It is acknowledged that the low response has implications which may function to restrict the generalisability of the findings.

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