Dissertation submitted in partial fulfilment of the requirement for the MSc in Corporate Governance & Business Ethics

David Collier
Student ID: 12407506

Department of Management, Birkbeck College
University of London

Supervisor: Dr Sue Konzelmann
Submission Date: 30th Sept 2013

Word count: 14,862. (Excluding Cover Page, Table of Contents, References and Appendices)
Abstract

Following economic downturn and many high profile corporate scandals, Corporate Governance has been highlighted as a method to reduce risk and address agency concerns. Corporate Social Responsibility whilst still a growing area of research is being utilised by organisations to improve the brand image and reduce the risk of adverse publicity. This paper explores the possible existence of a relationship between the Corporate Social Responsibility strategy of a firm and the Corporate Governance structure within the organisation.

Using a case study approach, the study uncovered and analysed the corporate relationship between National CSR Managers of 3 Multinational organisations and the Governance Structure these Managers operate within.

The study relies on primary data from key informants within the 3 Multinational Organisations, drawing on secondary data from the organisations publicised material, media resources and research libraries.

Findings indicate that the lack of clear definition of a Corporate Responsibility has created the possibility of Governance issues that may conflict with Corporate Governance best practise and suggest agency problems can exist. Evidence also exists to suggest the governance structure can impact on CSR strategy and activity. The researcher suggests further study is required and a need exists to address the lack of a clear concept and definition of CSR to reduce agency risk.
Table of Contents

Section | Page | Section | Page
---|---|---|---
1 | Introduction | 5 | 4.7 | Research design | 31
1.1 | Corporate Governance | 5 | 4.8 | Case study | 32
1.2 | CSR Definition | 6 | 4.9 | Case Selection | 32
1.3 | CSR Departments | 6 | 4.10 | Data collection | 33
1.4 | Research question | 7 | 4.11 | Secondary data | 34
 | |  | 4.12 | Question design | 34
2 | Literature Review | 9 | 4.13 | Limitations | 35
2.1 | Introduction | 9 | 4.14 | Ethical Considerations | 36
2.2 | Defining terms | 10 |  |  |
2.3 | Comparative studies | 12 | 5 | Discussion & analysis | 38
2.4 | The role of business | 13 | 5.1 | Introduction | 38
2.5 | The shareholders money | 13 | 5.2 | Main questions | 39
2.6 | Motivating factors 1 | 15 | 5.3 | Category 1 - definition | 40
2.7 | Motivating factors 2 | 17 | 5.4 | Category 2 - governance | 41
2.8 | Motivating factors 3 | 19 | 5.5 | Category 3 – Organisation | 45
2.9 | A matter of choice | 21 | 5.6 | Category 4 – CSR Practice | 45
2.10 | Behaviour | 21 | 5.7 | CSR | 48
2.11 | CG & Stakeholders | 22 | 5.8 | Governance | 49
2.12 | Final thoughts | 24 | 6 | Conclusions | 52
3 | Conceptual Framework | 25 |  |  |
3.1 | Continuum to pyramid | 25 | 7 | References | 54
3.2 | Hierarchy and ISCT | 26 |  |  |
3.3 | Multi-dimensional bridges | 27 | 8 | Appendices | 62
4 | Methodology | 29 |  |  |
4.1 | Introduction | 29 |  |  |
4.2 | Paradigm | 29 |  |  |
4.3 | Qualitative Methodology | 30 |  |  |
4.4 | Exploratory research | 30 |  |  |
4.5 | Approach | 30 |  |  |
4.6 | Primary data | 31 |  |  |

Figures & Tables

1 | Maslow’s hierarchy of needs | 26 | 5 | Paradigm comparison | 30
2 | ISCT Donaldson and Dunfee | 27 | 6 | Organisation 1 Governance | 42
3 | Parallels of Zadok & Maslow | 27 | 7 | Organisation 2 Governance | 43
4 | Box of growth & values | 28 | 8 | Organisation 3 Governance | 44
1 Introduction

1.1 Corporate Governance and the agency problem

Corporate Governance is concerned with the way in which corporations are directed and controlled. Weak governance mechanisms combine with pressures to maximize short term shareholder value and leave room for corruption and agency problems.

In response to this most Corporate Governance research has emphasised the mechanisms available or needed to protect shareholders or the principals from the actions of the agent (Daily et al., 2003). Eisenhardt (1989) suggested that Agency Theory addresses two main issues in agency relationships:

a) The goals of the principal and agent
b) Agency costs

Failures in Governance have been blamed for global economic failure, corporate environmental disasters and individual corporate collapses. These factors are fuelling the active debate on the importance of governance mechanisms reflecting a more stakeholder-based approach to corporate governance (Armour et al., 2003). However new legislation such as the Sarbanes-Oxley Act, brought in to counter some of these issues, ignored Stakeholder claims and ‘further entrenched’ accountability to shareholders (Deakin and Konzelmann, 2003).

Despite the differences and power struggle between a shareholder and stakeholder based focus, Corporate Governance mechanisms are a key element in improving economic efficiency and growth as well as enhancing investor confidence (OECD, 2004). Further, internal corporate governance mechanisms in publicly traded corporations are necessarily created as a response to agency conflicts result from the separation of ownership and control (Gillan et al., 2006).
1.2 The definition of CSR

Over the last decade an increasing number of publicly traded organisations have created specialised teams to deliver and report on their corporate social responsibility activity. Online directories such as Corporate Register (2012) show year on year increase in the number of reports filed. As researchers still investigate the importance and benefits of CSR activity and reporting, many organisations already operate entire departments controlling and reporting on CSR projects.

CSR has been described as data in search of a theory (Wood, 1991; Ullman, 1985; Zenisek, 1979) and with sceptics claiming CSR is mere marketing even audited values within vetted CSR reports are subjective and highly selective. In response to this, CSR professionals claim an increasing number of consumers each year are opting to purchase products based on ethical considerations and that companies investing in active CSR strategies are reaping financial rewards.

CSR though has no clear definition. There are disagreements over what is or is not to be included with some such as Carroll (1999) questioning those definitions that exclude legal obedience whilst others such as Van Marrewik (2003) and Jones (1980) pay particular emphasis to the voluntary aspect and reject those definitions who do not. Whilst in the financial world, the majority of investors still agree with the subversive doctrine principle laid out by Friedman (1970) some researchers also question the existence of corporate social responsibility.

Yet despite the lack of clarity around its definition, scope and purpose, Corporate Social Responsibility is firmly on the boardroom agenda (Savitz and Weber, 2006; Elkington, 1997). This change is driven by factors that include amongst them social pressure emanating from an ever more sophisticated and capable population.

1.3 The CSR department

But what is a CSR department? When technical specialists were needed to control the electronic systems and data created through the Information Technology revolution, IT
departments were born. However, there existed a relatively clear definition of new technology and IT Managers could define the area of control through quantifiable end products.

Organisations may place CSR management within business areas according to the emphasis of CSR within the company. Further, as CSR has developed internally, the placement within the structure may be due to the evolution of CSR within that organisation. This suggests sector related choices occurring influenced by the industry in which the organisation operates. Some organisations do not have dedicated CSR departments, but still place the individual personnel within the responsible business areas.

Examples:

a) Energy Industry. CSR in or connected to R&D - Most concerned with environmental effects of business.

b) Large Retailer. CSR in or connected to Operations - concerned with CSR within the supply chain.

c) Fast food outlet. CSR in or connected to PR - Much more likely to be marketing led.

d) Audit / Consultancy. CSR in or connected to HR – Mainly concerned with employee benefits.

1.4 Research Question

The purpose of this dissertation is to investigate the possible relationship between the governance structure of a company and the strategic direction of a CSR department. The purpose is not to conduct a qualitative assessment of the impact or output of the CSR strategy but rather to examine whether a relationship exists between the governance structure and the experience and journey of the CSR department.

Through analysing the possible existence of a relationship, focus can also be given to how departments develop given the absence of a clear and quantifiable direction and whether governance agency issues are created by the lack of quantifiable definitive goals.
This specific topic is under researched in the literature, however existing research did provide enough perspective through which to both create and address the following research question:

**How does the governance structure of a company influence the strategic direction of a CSR department?**

The dissertation begins by carrying out in section 2 an intensive review of the literature, focusing on how CSR is defined, corporate governance theory and motivational aspects of CSR from a firm’s perspective. This is followed by section 3, the methodology section, explaining the methods used and rationale behind the research. Section 4 analyses and discusses the case study results. Section 5 contains the conclusions, main findings and suggestions for future research.
2. Literature Review

2.1 Introduction

The area of investigation for this dissertation surrounds the internal relationship between the Corporate Governance structure and the strategic direction and decision making of CSR activity within the firm.

Because of the quantity of CSR related research that has surfaced in recent years, it was important to categorize the research and focus only on those areas that were considered relevant. To this end research was divided into the following categories:-

- History of CSR
- Definition of CSR
- Conceptualization
- Internal CSR Organisation
- Corporate Governance
- CSR activity
- CSR reporting
- CSR reporting frameworks / mechanisms
- CSR & NGO’s
- CSR Performance
- Sustainability & the environment

As the focus of the dissertation is between governance and strategy prior to CSR output, it was decided that research investigating later stages of the CSR ‘supply chain’ (CSR activity, sustainability & the environment, reporting / reporting frameworks, performance and organisational partnerships with Governments or NGO’s) could be set aside. Additionally whilst the history or evolution of CSR may have been of interest, it was considered the major milestones would be included within other areas of research; removing the need to investigate this as a separate element.

So for the purpose of this review, it was considered that there existed 4 main areas of prior research.
Discussion of CSR definitions and philosophical comment on whether such a social responsibility exists

CSR conceptualizations and frameworks

Internal CSR organisation

Corporate Governance theory

This literature review will begin by outlining the key research in these areas, theoretical and empirical, breaking down CSR and the relevant discussions into several manageable stages.

Following an investigation into the theoretical discussion on how CSR is defined, literature will be reviewed assessing the motivational aspects of CSR from a firm’s perspective. Research into the relationship between Corporate Governance (CG) and CSR will also be discussed; focusing on theory that seeks a relationship between the Governance structure and the organisation’s CSR strategy. Finally there will be an attempt to identify gaps within the current literature that will highlight this dissertation’s attempt to add to the knowledge on the topic.

2.2 Defining terms

Corporate Governance is defined by the OECD (ECB, 2004) as “the Procedures and processes according to which an organisation is directed and controlled. The corporate governance structure specifies the distribution of rights and responsibilities among the different participants in the organisation – such as the board, managers, shareholders and other stakeholders – and lays down the rules and procedures for decision-making”.

Corporate Social Responsibility (CSR) or Corporate Responsibility (CR) or Corporate Citizenship (CP) or Corporate Social Performance (CSP) has no such accepted definition and the terms can be, and are used, interchangeably within both academic and corporate circles.

Dahlsrud (2008) states that CSR has always existed and that business always had social and environmental impacts and been concerned with stakeholders. In ‘Evolution of a Definitional Construct’, Carroll (1999) states it is possible to trace ‘evidences of the business communities concern for society’ for centuries.
For those analysing or researching CSR as a concept, the primary area of concern is whose concept of CSR to examine. Reinhardt et al. (2008) mention the bewildering range of concepts and definitions that have been proposed and Gray et al. (1995) suggest there is little about CSR that is not contestable and contested. It would not be an exaggeration to suggest the single point of agreement between those discussing the concept of CSR is that there is no clear definition. Taneja et al. (2011) label it the ‘biggest lacuna’ of CSR research despite more than 4 decades since the emergence of the concept.

Even if a universal working definition of CSR cannot be applied, there is a certain theoretical conformity in those definitions that do exist that allow for basic similarities to be identified. CSR definitions consistently revolve around the existence of responsibilities that can be applied to a corporate identity that go beyond those that exist in the legal relationship between the firm, the government and the shareholders. According to Dahlsrud (2008), these dimensions extend to stakeholder, environmental, social and voluntary. Carroll’s seminal work on the CSR Pyramid (1991) details the responsibilities in order of importance as economic, legal, ethical, and philanthropic. Different definitions provide greater or lesser emphasis to the various dimensions. Some such as Van Oosterhout and Heugens (2006) question the very essence of the idea itself. Orlitzky et al. (2011) suggests this is a minority view pointing out, ‘most observers’ agree that business does have a social responsibility, but reminds readers ‘considerably fewer are in agreement as to the nature of these responsibilities’.

At a deeper level of comparison within the literature there seems to be deep divisions regarding what can or cannot be included. For example can CSR include an action that is not voluntary? Many, such as Van Marrewik (2003), Jones (1980) and McWilliams and Siegel (2001) consider the voluntary aspect of CSR to be fundamental, whilst others, implicitly or explicitly, allow statutory legal business obligations to be included as a socially responsible action. Carroll (1999) for example labels a definition that excludes legal obedience as restricted. Gill (2008) mentions a tension that has emerged between these two wings; the voluntary ‘self-regulation’ wing and the mandatory ‘pro regulation’ wing. It is this tension that Gill blames for making it extremely difficult to characterise CSR in a single term.
Votaw’s (1973) description of the use of the term ‘social responsibility of business’ could equally be applied today, even following 40 years of additional research. He stated ‘the term is a brilliant one; it means something, but not always the same thing, to everybody’. Zenisek (1979) concurred adding that even the antonyms have multiple interpretations. For someone conducting a review of the literature in the field of CSR in 2013, it is difficult to disagree with either of them.

2.3 Comparative studies

The type of confusion in the literature surrounding the definition at the most basic level of discourse, makes comparative studies or cross referencing between different research difficult, and brings into question entire bodies of thought that focus on one ‘style’ or definition. Is it legitimate to say that paying tax is a CSR activity? Or how do we address ‘responsible’ activity that benefits the organisation’s balance sheet directly? These both exist in definitions of CSR from the extremes of Gills ‘pro-regulation’ wing. If an entire study has been conducted according to Carroll’s definition, how can it be cross referenced to a further study using a definition that rejects the legal element of Carroll’s CSR pyramid?

Ullman (1985), Wood (1991) and Zenisek (1979) have all referred to research in the field as ‘Data in search of a theory’ and Van Oosterhout and Heugens (2006) suggest that as a result, extra-disciplinary theories are ‘likely to appear’. As the task of defining the conceptual form of CSR becomes immersed in conflict and contradiction, some researchers speak of illusive corporate sales terms such as ‘embedding’ and ‘best practice’ and ‘progressive organisations’.

Van Oosterhout and Heugens (2006) effectively reject CSR, not by claiming there is no throughput, but by suggesting that what we describe as CSR activity is effectively a by-product of other, more established and powerful theories that emerge from legitimizing and economizing conceptual frameworks. From this standpoint, attempts to measure CSP do not indicate that CSR exists, merely that departments or managers within certain organisations may believe such a responsibility exists, or that there may exist other unexplained or underlying factors that are causing the corporation to behave in such a way that others take for acceptance or existence of a social responsibility.
It is the area of corporate social performance that seems to attract most research. Oostrehout et al. (2006) suggest this is because many scholars have “tried to avoid the philosophically challenged concept of CSR by studying more readily available corporate actions”. Zenisek (1979) argues that with few exceptions the literature contains little that might truly be described as analysis, criticizing conceptualizations as ‘lacking either empirical and/or theoretical support’ on the basis they have not provided a rationale for a clear understanding of the phenomenon.

2.4 The role of business?

Behind the core issue of definition remain discussions over the role of business and its relationship as part of the society in which it operates. Within the literature, Tuzollino and Armandi (1981) declare that “The ultimate survival of corporate America” hinges “on a timely redefinition of its ill-defined societal role”, and Maon et al., (2009) claim that many believe it to be “an absolute necessity that organisations define their roles in society”. Yet despite considerable amounts of research into the role of business, Yonah (2005) can still ask whether corporations, in the best position to help human development, should be permitted to do so when there is no clear benefit for their shareholders?”

Reinhardt et al., (2008) questions whether such moral responsibility exists, echoing Freidman’s (1970) famous quote regarding the one social responsibility of business. However the growing argument within literature is for the existence of a greater relationship between business and society than the one Friedman suggested. This ‘triple bottom line’ theory incorporates people and planet into business strategy and objectives (Elkington, 1997).

2.5 ‘Giving away’ the shareholders money

Much of the research into CSR is built upon a hypothesis that the company has responsibilities beyond the long term strategies that focus on increasing shareholder value. Conducting Research in the US, Reinhardt et al., (2008) discuss the cultural, economic and legal aspects of this, highlighting how the US and UK model differs sharply from legal and cultural environments in different parts of the world such as Mainland Europe. Breaking the research down, they primarily ask whether firms ‘may’ undertake activity that sacrifices profits within ‘the scope of their fiduciary responsibilities to the shareholders’. If such a legal
basis does exist, they then ask whether a firm ‘can’ do this within a competitive marketplace, and finally ‘should’ a firm do so, asking if such an activity is an ‘efficient use of social resources’.

Their approach to this research compared the shareholder primacy model and more subtle versions such as the ‘nexus of contracts’ (Jensen and Meckling, 1976) with team production and the operation discretion models and what they term as ‘progressive views’, being a belief that a firm is organised for the benefit of the wider society.

In answering the question of legality, they suggest that this remains a grey area, which through default allows for CSR activity because it would be almost impossible for shareholders to challenge in court. The research gives special mention to the US Business judgement rule that give scope for managerial decision making. Whilst they discuss the protection the Business Judgement rule provides, they suggest the protection comes from non-recognition of most non-financial incentives as conflicts. But it can be argued this protection raises Agency concerns, because it seems to suggest altruism can side step some of the governance mechanisms set in place to monitor management behaviour. This could have enormous implications for the relationship between Management, company CSR behaviour and the Shareholders and is of particular interest to this research.

In discussing the economic and market restrictions of such activity, Reinhardt et al. (2008) divide CSR into two camps. The first being a voluntary action, the second being a reaction to pressure from market participants or other social forces. Note that through this argument they are focussing exclusively on CSR that is by definition a non-profit making activity, and specifically state that sacrificing profits is CSR in its purest form. This places them opposite those such as Elkington (1997), who maintain CSR can be good over the long term for the balance sheet.

Reinhardt et al. (2008) also focus on CSR decision making; internal governance elements of specific interest to this dissertation. Decision making is made by individual managers, not by the ‘firm’. It is suggested managers can ‘satisfice’ profits, providing a market comparable return to shareholders, whilst diverting resources. They argue that CSR activity depends greatly on the manager’s preferences, ethical beliefs, contracts and goals. Following this line of reasoning, it raises questions about whether a firm has a social responsibility, or if society
norms infiltrate the firm through the employees and act almost as a foreign agent. Efficient use of funds is also questioned, because they argue that CSR is not socially optimal as ‘decisions are influenced by factors unrelated to social benefits and costs’.

Reinhardt et al. (2008) continue to discuss that some shareholders might be willing through altruism to purchase stock, which in itself creates a market for CSR investing and portfolios. These investors might be willing to accept returns below market. They question this behaviour claiming that research in most areas has failed to provide conclusive empirical evidence one way or another. On this point it has to be emphasised that the definition of CSR within their study may have excluded many more favourable pieces of research from being counted.

2.6 Motivating factors 1 - External Pressures

Throughout 40 years of research it has been effectively shown that one of the major drivers of CSR activity within a firm is public pressure. Although Non-Governmental Organisations (NGO’s) had been around prior to the rise of CSR, it wasn’t until the 1960’S that environmental interest ‘reached public consciousness’ (Eden, 1996). It is the decline of the power of the nation state that has led to an increase of importance for the global corporation as a conduit for change as well as an increase in NGO’s as a driver that both monitors and assists the corporations (Gill, 2008).

The literature frequently references historical cases of consumer activism, such as Brent Spar (BBC, 1998) or Nike (Greenhouse, 1997) citing them as a part of the critical reasoning behind modern CSR activity. Giving rise to consumer activism, Eilbirt and Parket (2001) mention the deterioration of the image of the businessman in society, and the hostility towards the corporation. As a response to this activism, Hockerts and Morsing (2008) suggest that most firms conceptualise CSR as a tool to reduce risk and operational cost, with only a minority using CSR as a driver for innovation. Gill (2008), describes a wave of public interest advocacy as a major driver of CSR activity.

Analysing the relationship between corporate social responsibility and shareholder value Godfrey et al. (2009) suggest organisations can use CSR as a “potential method of creating value for shareholders in the face of certain types of negative events”; allowing a firm to
offset positive CSR activity against possible negative publicity using it as “insurance-like protection”.

Shahin & Zairi (2007) point out that the pressures on firms have increased, adding that those that resist do so because of the trade-off between socially responsibility and profitability. Whilst they cite the inconclusive research attempting to link the two, they claim it is “expectable a CSR programme will cost money”. These ‘increasing pressures’ are clearly in part due to the ability of the public to inform, to be informed and to react on a global scale. A major difference in research conducted in the area of risk since 2008 is the acknowledgement of the growth of social media and its impact on corporate responsiveness.

Frederick (1994) refers to corporate social ‘responsiveness’ in ‘CSR2’ as the ‘capacity to respond to social pressure’, indicating that rather than a pro-active responsibility, CSR is more comparable to a form of reaction to cultural expectation that is constantly stretching the boundaries of how we define it. Maon et al. (2009) mention CSR moving from ideology to reality, listing numerous examples of external pressures. Maon et al. (2009) also suggest “Society views organisations as a key driver in the process of constructing a better world” and are under increasing pressure to respond.

Reinhardt et al. (2008) suggest that NGO activity tends to focus on larger firms, firms that have products on the shelves, firms in dirty industry. This suggests NGO’s are strategically targeting those who are vulnerable to bad publicity and those that have physical addresses activists are able to utilise. Organisations that seek legitimacy may bend to the activist, or the group with the loudest voice. In effect this bending to one sector can ‘hurt another’ yet still get applauded as CSR. As an example the Fairtrade movement operates on the principle that free trade does not protect the poor claiming ‘a fundamental reform of the international trading system is necessary’ (Sidwell, 2008). Fairtrade however has critics who claim that the ‘very poorest’ are hindered, not helped, through the Fairtrade system (Griffiths, 2011).

Porter and Kramer (2011) raise the concept of Shared Value and also question Fairtrade policies. They argue that instead of improving growing techniques over the long term, Fairtrade artificially sustains farmers by providing a higher than market price for products. In
a situation where the retailer changes supplier, the loss of the purchaser could have devastating consequences on the community; although financially, the local village may be experiencing higher living standards, these do not reflect market values. Following Porter’s shared value model, sharing the knowledge and expertise to increase efficiency or growing techniques or yields, would perhaps not leave the supplier so vulnerable.

2.7 Motivating factors 2 – Profitability and opportunity

Moir (2001) argues that the connection between profitability and CSR leaves uncertainty in whether the motives are shareholder or stakeholder related. Carroll (1999) acknowledges the idea that not everyone sees the economic responsibility as part of social responsibility, but rather considers it ‘something business firms do for themselves’

Many researchers have set out to investigate a possible link between CSR activity and economic signs of profitability or investor returns. This benefit can have been direct or indirect, but effectively the research investigated whether CSR, over the long term ‘has been shown’ to be profitable. From their resource-based view of the firm Russo and Fouts (1997) for example found that environmental performance and economic performance are positively linked.

The problem with results from the various studies is one again related to dissimilar definitions and incomparability. McWilliams & Siegel (2001) suggest there is a neutral performance between CSR and financial performance although in their definition they exclude anything that is required by law, yet include possible business factors such as improving the benefits and motivation of staff.

Moir (2001) discusses current business approach, appreciating the benefits of enhanced reputation and greater employee loyalty; the World Business Council (1999) mentions ‘enhancing shareholder value’, ‘strategic business case’ and emphatically states that ‘socially responsible business practices are central to a company’s continued success’.

Orlitzky et al. (2003) in their meta-analysis from 52 previous studies found that “corporate virtue in the form of social responsibility and, to a lesser extent, environmental responsibility is likely to pay off”. In their conclusion they do note that reputation appears to be an important mediator. On this last point, McWilliams and Segal (2001) agree, suggesting
that the rapid growth of companies such as the Body Shop and Health valley confirm the importance of CSR in marketing. However this line of thought has limitations, it can be argued that CSR to a company such as Body shop or Marks & Spencer has itself become a product. As a marketing tool or differentiation strategy it only works as long as the market is not flooded with competitors making similar claims.

Additionally McWilliams and Segal (2001) also claim that support of CSR creates a reputation that a firm is reliable and honest, leading consumers to believe their products will be of a higher quality. CSR therefore becomes an effective brand tool that provides clear financial benefit. This in turn raises the question of why shareholders would object and why a firm would not automatically seek a strategy so clearly of financial benefit. Perhaps Reinhardt et al., accurately describe the situation by suggesting that ‘some firms generate long term profits from some socially responsible activities some of the time’. If some research allows what is considered ‘low hanging fruit’ or ‘win-win’ situations into the calculation, and others discount such activity, then it is hardly surprising it is difficult to compare or contrast findings.

Additionally there seems to be inconsistency even within individual pieces of research. McWilliams and Siegel (2001) consider CSR a purely voluntary action by stating “to us, CSR means going beyond the law” claiming that a company that adheres to discrimination legislation is not engaging in a socially responsible act. However in discussing the lack of clarity in research linking CSR and profitability, they state this leaves managers without a clear direction regarding the desirability of investment in CSR. Logically if only voluntary action is to be defined as CSR, then the primary legal obligation of maximising shareholder return should also be excluded.

Car manufacturers provide a working example of the complexity of the argument. Road tax within the UK has been linked with CO2 emissions since 2001 (Frieder and Mityorn, 2011). This makes a car heavy on emissions more expensive to run, which could in turn impact negatively on sales. Car manufacturers worried about producing cars that are expensive to run and concerned about even more oppressive future legislation exercise both prudent sales strategy and risk control by producing cars with lower emissions. This allows them to
market this business activity as socially responsible and it becomes included as such by research that accepts this type of activity within the definition.

2.8 Motivating factors 3 – Shared Value

Levitt (1958) states that when it comes to choosing between the small supplier whose town would be ruined if orders stopped and the supplier who makes it cheaper, even the socially responsible corporation will take the later. It can always fall back on responsibility elsewhere and still pretend it is fashionable. But Levitt, engaging in an attack directed towards the entire CSR movement, suddenly concludes that in the end business only has “two responsibilities”, one of course economic, the other to “obey the elementary canons of everyday face to face civility”. What he goes on to describe as “honesty, good faith and so on”. Whether intended or not, we find parallels with Carroll’s (1999) ‘social norms and expectation of the time’ and whilst not going as far, it certainly does acknowledge something beyond Freeman’s (1970) single duty and reliance on market forces. Another division in the literature created from the same impasse relates to business opportunity through climate and resource sustainability challenges facing the world. This seems to be a persistent argument from those such as Elkington (1997) and Savitz (2006) supporting the idea that new business opportunity is consistent with a definition of CSR. However, global challenge is not new and 150 years ago, food production levels were low, factory output was minimal, transportation and distribution was inefficient and people even within the largest economies were still dying of diseases related to poverty. Advancement in these areas was to provide benefit to hundreds of millions of people. When business innovates, successful innovation can create better conditions for the community; but the business goal invariably was to maximize shareholder wealth.

When Porter (2006) suggests that “creating shared value will be more effective and far more sustainable than the majority of todays’ corporate efforts in the social arena”, Porter clearly believes in a sophisticated and progressive business solution. For those that suggest CSR is purely a voluntary institution, this is quite damming. Porter states that companies should approach social issues in the “external environment that significantly affect the
underlying drivers of a company’s competitiveness in the locations where it operates”, this
Shared Value concept indicates business is not responsible for society’s ills and does not
need to be held responsible for it. Rather it can, by helping society in specific areas, further
advance its own agenda.

Although he declared CSR as a ‘dead end’, Porter (2011) clearly believes in the damage that
business may have caused, in the short-sightedness of quick profit taking and the morally
worthy contributions of corporate philanthropy. What Porter does is recognise the power of
innovation and business and push an ‘integration’ model through which society and
business relate to each other differently. (Porter, 2006).

Where Porter’s shared value model doesn’t necessarily answer the problem however is if
CSR is a reactive reflex to social demand and external public pressure. In this case pro-active
‘shared value’ strategies may not solve the problem and as organisations ‘embed’ shared
value concepts throughout their business model they may still face issues with a demanding
public. Porter refers to this element of CSR as “ceding primary control of CSR agendas to
outsiders”, commenting that this type of strategy often devolves into “a series of short term
defensive reactions” which has little value to society and none at all to business. The
worrying side to this statement is that the majority of the literature analysed gave these
pressure groups major influence in dictating CSR activity and if Porter’s analysis of this is
correct, it could explain why the CSR movement remains disjointed. Porter adds that the
‘vehemence’ of the stakeholder group is not aligned to the importance of the issue.

Within research that looks at links between CSR and profitability there are many other
conflicting theories. Margolis et al. (2007) suggest a reverse causality – suggesting profitable
companies are more likely to engage in CSR, Ioannou & Serafeim (2010) link investor return
to CSR choices, whilst Eilbirt (1973) suggests a link exists between the size and not the
profitability of company. As the purpose of this part of the literature review was not to
examine the profitability of CSR but rather the motivating factors behind CSR within
organisations it was not felt necessary to examine all the innovative research in this area.
2.9 A matter of choice.

Research by Reinhardt et al. (2008) suggests that socially optimal choices are not made for various reasons; the business has core expertise that is unlikely to involve analysing social benefits and personal preference can and does influence the decision making process. Additionally companies can be directed in their CSR activity by a 3rd party (NGO or consultancy) and firms are facing an agency issue where knowledge is uneven. Firms have insider knowledge unavailable to external parties that may indicate where financial activity is best directed and so may be unaware they would achieve higher social returns by donating directly to charities. However Reinhardt et al. (2008) argue this may make voluntary CSR activity more socially benefiting than legislation in that legislation would not take such a case by case approach to where the funding should be directed.

Reinhardt et al., (2008) also argue CSR is not a democratic process. Firms are choosing which social activity to fund and there is “no reason to believe society should prefer firm’s choices over that of a democratic government”. This view was clearly stated by Levitt (1958) when he discussed having to live under the “socially responsible” decisions of business managers, part of a corporation emerging as ‘an arbiter of our lives’. When discussing the activity of larger firms, this argument becomes even more problematic; vast amounts of funding and power can be levied towards an agenda that appears socially beneficial but may have either ulterior motives or bring about secondary effects that are difficult to measure. A firm can go beyond the mandatory minimum to effectively entice rather than delay further legislation that may in turn deter or prohibit smaller companies from being able to enter the market. Networks of companies can combine to create entry level standards claiming they are socially responsible whilst creating expensive deterrents to new entrants to the marketplace.

2.10 Behaviour within an Organisation

Whether CSR is a matter of responsiveness to public pressure and expectation or a proactive strategic business decision, the internal decision making process and the governance mechanism that confines it is a complex area of research. The theoretical equation is further amplified by the perspective of behavioural theorists, who ‘personalize’ the CSR activity as
being related to personal preferences giving direction to the CSR activity (Hemingway and Maclagan, 2004).

Carroll (1999) in his study into the evolution of CSR suggests research conducted by Eilbirt and Parket (1973) represents an ‘early attempt to associate CSR with organisational variables’. Starting from an original sample of 400 of the largest organisations in the US their research sought to understand what CSR actually meant to management describing the “question of motivation” as “a dense thicket of conjecture”. They found that executives can come with a personal background of values which predisposes them to support good causes. Some businessmen see long term business benefits, some see it as a risk reduction excursive. This reduction of CSR to a thought process directed by the preferences and bias of the executives in control of the CSR budget provides a bridge between theoretical and vague philosophies and the self-declared corporate values that gets translated into CSR activity. Placing a word of caution against their own findings, Eilbirt and Parket (1973) suggest that of the 96 companies that did respond, there may be a bias created by the participating corporations being those of the original sample that have more active CSR strategies. They went on to state that some of the results were ‘astonishing’; giving the impression some companies were unwilling to ‘implicate themselves’ by making admissions about the real intent of the CSR activity. This problem with company ‘honesty’ with regard to organisational participation in CSR research is something noted throughout the literature and creates major problems for academics and a hurdle that also needs to be faced within this research.

2.11 Governance Theory, stakeholders and risk

Shahin and Zairi (2007) argue that an individual’s view of Corporate Governance will differ ‘depending on one’s view of the world’ referencing differences between shareholder supremacy and what they define as the ‘socially responsible model’.

Gill (2008) discusses the controversy of the nature and purpose of the corporation using historical evidence to suggest that Corporate Governance originally aligned ‘almost completely’ with the shareholder primacy wing of the debate. He then uses the corporate scandals of the last decade as the catalyst which now focuses Corporate Governance on ethics and accountability. In the Stakeholder model the purpose of the corporation is to
serve a wider range of interests (Fremond, 2004), a stakeholder is listed as anyone that affects or is affected by a firm’s performance (Freeman, 1984).

However, if as Gill suggests, the drivers for change are these scandals, then it can be argued these new Corporate Governance mechanisms are a shareholder reaction to the risk factor that episodes such as the fall of Enron created. Deakin and Konzelmann (2004) suggest that financial scandals have long been one of the main drivers of change in company law. This type of reasoning suggests little has changed, suggesting an illusion of togetherness created by the temporary alignment of strategy between shareholders and those supporting the ‘socially responsible model’.

Gill (2008) doesn’t view it this way, suggesting that it is CSR that has reconciled the tension between the shareholder and stakeholder interest, but if, as Gill continues to suggest, CSR is being identified as a strategic tool to benefit the profitability of the corporation, then we can question what part of this equation shareholders had trouble reconciling?

Gill also argues that CSR has developed the notion of Corporate Governance as a vehicle for pushing management to consider broader ethical considerations and lists prominent NGO consulting as an example of this. Gill suggests that there is now a convergence potential between classical corporate decision making and soft business strategy.

Historically Corporate Governance has been concerned with the Agency Problem, agency cost and asymmetric information; (Eisenhardt, 1989), focusing primarily on how to inform owners and monitor managers. This is an area “surrounded by controversy”. If we apply to a corporation additional responsibility that extends beyond the shareholder and spreads to anyone affected by the organisation, how can management be monitored and at what agency cost? The OECD (2004) published its Principles of Corporate Governance highlighting best practice in which individual roles are discussed.

Shahin and Zairi (2007) argue that Stakeholder theory does not derive because of the existence of a social responsibility’ of business. The origins of Stakeholder theory within the US & UK were a bridging exercise between the classic shareholder models and the European model. This extended corporate community views the ‘firm as a socio-economic system in which wealth is created through stakeholder collaboration’. Shahin and Zairi (2007) go on to
suggest this is done, not because of socially responsible motives, but because it is creates a competitive advantage. Gill (2008) refers to a ‘merging’ of Corporate Governance with CSR rather than an evolution of Corporate Governance. One that incorporates additional elements of shareholder interest, that due to social demand and expectation, now includes many stakeholders not previously included.

2.12 Final thoughts

Following detailed and deep investigation of the previous literature on CSR, it was reasoned that for the purpose of this dissertation, it was not necessary to act or stand upon one of the multiple definitions of CSR. It was considered that whilst this is the major deficiency of examining CSR, this research will adapt to whatever concept of CSR exists within the firm being studied, and in fact it is deliberately constructed to be part of the process involved. Capturing and analysing these different concepts can assist with future study.
3.1 From continuum to pyramid

Early research into conceptual models such as Eells’(1956) continuum of social responsibility or the 3 Concentric circles (CED, 1971), were followed by Carroll’s CSR defining four domains (1979) and Pyramid (1991), breaking down the responsibility into the 4 stratified levels. Carroll developed a 3 dimensional conceptual model to include the social issues or factors that tie back to the different area of responsibility and then place it within a strategy or mode representing the responsiveness or nature of the activity.

When Zadek (2007) claimed that companies don’t become model citizens overnight, he divided the progress into 5 stages of organizational growth and categorized each one with definitions regarding what companies do and why. Whilst the first two stages were risk orientated reaction, the upper levels, those relating to a civil or progressive organisation, were motivated by standard business goals such as competitive advantage or progressive strategies towards enhancing long term economic value through industry participation and collective action. Zadek therefore suggests a scale exists and that iterative organisational learning brought about by intense risks creates an internal evolution that shifts a firm through the various stages.

Tuzzolini and Armandi (1981) argued for such a scale, claiming a parallel ‘might exist’ between organisational and individual needs. Arguing that business and industry would have to give equal importance to both social and economic goals, they created a model that mirrors Maslow’s (1943) Hierarchy of Needs. Through this model they suggest that as the corporation develops so should its organisational investment in CSR; for example, an organisation such as Unilever or Nike would be expected to contribute far more to society than one lower on the scale. Their main concern of their own framework was the subjectivity in categorization although they also make reservations about the focus being on product rather than process; suggesting process orientated CSR is when managers are more aware of the social consequences of their decisions. However, we can raise similar concerns as those raised with ‘Shared Value’; even if a firm can gain credit through ‘shared value’ activity, if the main driver of CR is public expectation or pressure, an internally driven
framework doesn’t account for the very external forces that are cited as the major motivation for CSR. In short, optimising CSR by making it the most beneficial or efficient may not keep the activists quiet; because whilst certain types of NGO’s may provide the greatest threat, they are not necessarily the ones fighting causes most deserving of the organisation’s support.

3.2 Hierarchy and ISCT

Maslow’s Hierarchy of Needs (Maslow, 1943) offers an explanation of the drivers of human motivation. Focusing on the existence of a hierarchy, where motivating factors evolve as each of the needs is met. From the most fundamental level, that of physiological needs to the eventual need for self-actualization.

Donaldson and Dunfee (1994) address a lack of theory for difficult ethical business direction and put forward an Integrative Social Contracts Theory. Suggesting some decisions are based on ‘hyper-norms’ that transcend national boundaries, they break down managerial and business decisions in an attempt to create a framework suitable for the complex modern business environment.
3.3 Multi-dimensional bridges

We suggest that there are lines of parallel that can be drawn between the stages of organisational growth, organisational investment in CSR & Maslow’s original concept. It is also an area that provides opportunity for further study. Whilst the stages of organisational growth have already been put forward, we wish to add an additional dimension, by separating the firm from its employees and identifying them as agents also in need of clarification.

Figure 2 Integrative Social Contract Theory. Donaldson and Dunfee (1994)

Figure 3 Parallels between Zadok & Maslow
Within this system, through clarifying and placing both the organisation and the employee into categories, it can become possible to identify areas of potential harmony and areas of potential discord. In the area of highest harmony, that of an enlightened and progressive individual within an organisation highly involved with CSR, there theoretically lays the highest potential for unaddressed agency issues.

![Figure 4 growth & values categorisation](image)

It is within this framework that the justification and motivation for the research is highlighted and given value. If as is shown by the literature, CSR is data in search of a theory, and if as is also shown large budgets are being directed towards CSR activity, then the protection of the shareholder becomes a primary concern. Frameworks to identify and highlight potential agency issues in these cases should be of academic interest, especially if personal values are drivers of CSR (Hemingway and Maclagan, 2004).

It is outside of the scope of this research to validate and build an accurate framework of reference within which to identify potential organisations vulnerable to CSR related agency concerns. However it is the aim of this research to analyse in the first instance the existence of a relationship between the Governance structure of the organisation and the strategic direction of the CSR department or activity, as this can form a basis for understanding whether such potential agency issues may actually exist.
4 Methodology

4.1 Introduction & research question

This section will detail the methods that were used for this dissertation and explain how and why these methods were chosen. It will describe how the research was undertaken, what decisions were faced, how the subjects were chosen and why the methods used were considered the most appropriate to address the research question.

The gaps identified from the Literature review suggest that the relationship between the internal Corporate Governance mechanisms of a firm and the relatively new CSR activity has not been thoroughly investigated. Unlike traditional shareholder focused budgetary spending, CSR activity may not bring quantifiable results and CSR decision making may not be built on sector experience and industry knowledge. Therefore there is an area of agency concern that should be investigated.

The purpose of this research is to conduct exploratory research into the decision making process of CSR departments within large organisations, opening several opportunities for future research and adding to the field of literature. The main area of discipline relevant to the research is Corporate Governance.

Chambliss and Schutt (2012, p.8) suggests exploratory research is appropriate to investigate how people react in the setting under question and what meanings they give to their actions. It was considered appropriate in a situation where CSR is loosely defined, there is no apparent fixed scope to what role a CSR department undertakes and the position of the CSR department within a corporate structure is optional.

4.2 Philosophical Aspects - Paradigm

A research paradigm ‘is the philosophical framework that guides how scientific research should be conducted’ (Collis and Hussey, 2009, p.55). Research method and design is fundamentally affected by the type of research questions that are asked (De Vaus, 2011, P.4) and the ‘nature of the research problem being investigated’ (Collis, Hussey, 2009, p.61).
The two main Paradigms are Positivism and Interpretivism. Collis and Hussey (2009, p.62) list the underlying features of the two main paradigms as:-

<table>
<thead>
<tr>
<th>Features of the two main paradigms</th>
<th><strong>Positivism</strong> tends to:</th>
<th><strong>Interpretivism</strong> tends to:</th>
</tr>
</thead>
<tbody>
<tr>
<td>Use large samples</td>
<td>Use small samples</td>
<td></td>
</tr>
<tr>
<td>Have an artificial location</td>
<td>Have a natural location</td>
<td></td>
</tr>
<tr>
<td>Be concerned with hypothesis testing</td>
<td>Be concerned with generating theories</td>
<td></td>
</tr>
<tr>
<td>Produce precise, objective, quantitative data</td>
<td>Produce 'rich' subjective qualitative data</td>
<td></td>
</tr>
<tr>
<td>Produce results with high reliability but low validity</td>
<td>Produce findings with low reliability but high validity</td>
<td></td>
</tr>
<tr>
<td>Allow results to be generalized from the sample to the population</td>
<td>Allow findings to be generalized from on setting to another similar setting</td>
<td></td>
</tr>
</tbody>
</table>

Given the requirements for this study, this research followed the interpretivist paradigm. Interpretivism or Phenomenology takes the stance that social reality is highly subjective because it is shaped by our perceptions (Collis, Hussey, 2009, p.57) and the focus is on gaining interpretive understanding through observation. Interpretivism emphasises ‘plurality, relativism and complexity’ (Fisher and Buglear, 2010, p.23)

**4.3 Qualitative Methodology**

Qualitative research help understand social and cultural contexts within which actions take place. The contention is that it is only possible to understand the context and explain it, by talking to or studying those involved (Myers, 2011, p.87). As the focus of the dissertation involves attitudes or personal values and decision making processes within a department or organisation, it was apparent that the demands of the research suggested research of a qualitative nature needed to be conducted.

**4.4 Exploratory research**

Exploratory research focuses on the how and why questions and this dissertation is conducting research into corporate CSR decision making. Exploratory research also involves building casual relationships, however complex, that may be directly linked or part of a chain (De Vaus, 2011, p.4).

**4.5 Approach**

Induction involves observing behaviour or activity and then seeking to identify patterns that can explain the behaviour through theory. Gill and Johnson (2011, p.75) describe it as ‘moving from the pane of observation of the empirical world to the construction of
explanations and theories about what has been observed’. This approach was applicable to a dissertation that sought to research complex issues such as personal values and how and why they may influence the decision making process. According to Rudestam and Newton (2007, p.37) the lack of prescribed variables and hypothesis prior to data collection combined with the lack of assumptions about the inter relationships prior to study, make the inductive approach the logical approach for this dissertation.

4.6 Primary data gathering

For the purpose of this research it was decided to conduct an information gathering stage between the literature review and case study. This primary stage of data collection involved contact and discussions with industry experts. Three experts were contacted. These particular experts were chosen because of their knowledge and experience within the field and the prior access and contact that the researcher had with them. It made their cooperation likely and given the time constraints, it was not necessary to create additional issues by widening the search. As I could not anticipate the answer I was to receive from the experts, and I wanted the experts experience to guide and lead the discussion, the open approach to interviews was taken. The open interview structure is best suited to this type of interview (Fisher and Buglear, 2011, p. 180).

The information gathered from open interviews with the industry experts was used as a guide of which organisations to approach and the connections of these experts proved invaluable in providing an entry mechanism to decision makers within these firms that allowed for access to be given to conduct the research. The nature and direction of questions that would form the basis for the semi structured interviews in the case study were also guided with help from these experts. Sincere thanks go to Jon Crofts, Director of Global Learning at Unilever, Ian King, Business & City Editor at the Times and James Deacon, Head of Corporate Responsibility at Ricoh UK for their cooperation and assistance.

4.7 Research design

Research design is the science of planning procedures for the research so as to arrive at the most valid findings (Collis and Hussey, 2009, p.111). Both internal & external validity are fundamental to effective design. Internal validity is reflected in the ability of the design to sustain the casual conclusions the research reaches. External validity refers to the extent in
which the conclusions can be extended beyond the particular study (De Vaus, 2011, p.29-31).

4.8 Case study

Yin (2009) defines Case Study as an empirical enquiry that investigates a contemporary phenomenon within its real life context (especially when) the boundaries between phenomenon and context are not clearly evident.

Yin explains that Case Study is best used in an environment where the researcher has little control over events and where the primary questions are to explain or investigate how or why some social phenomenon works. (Yin, 2009, p.4)

In addition the questions for this research focus on the how and why questions, which Yin states favour case study as they need to deal with operational links over time.

The rationale for conducting a case study in this research is based primarily on Yin’s definition and direction as provided in his book and his 2009 edition was used as a guide throughout the case study process.

This case study is multiple and holistic (Yin, 2009). For this research I have conducted interviews within three different organisations. Multiple case studies are preferable because they can be more robust than a single case study and can strengthen the external validity (Yin, 2009).

4.9 Case Selection

It was decided that case studies would be chosen using purposive sampling. Organisations were highlighted that had some form of an operational CSR team within the UK and had web related CSR publications. In relation to the area of research, it was decided that participants would be chosen based on the exposure of the organisation to critical incidents that damaged the organisations brand or CSR image. It was reasoned that exposure of this type may heighten any potential conflict.

Further, attention was paid to how developed the organisations CSR activity was. It was reasoned that if, as suggested, companies such as Marks & Spencer and the Body Shop have achieved a status within CSR that elevates their social responsibility to the level of a product
with value addition to their brand, investigation into the Governance of the CSR activity might encounter other unrelated phenomena that would interfere with the research. So too, organisations such as PWC, who effectively market CSR & Sustainability consulting could be discounted for the same reason. Therefore, organisations who could be considered highly engaged with marketing their own CSR activity and would score highly on Zadek’s (2007) 5 stages of organizational growth, were not included in the search.

For the purpose of this study therefore, organisations that had less developed CSR strategy were specifically chosen for the study and the direction and help of the three industry experts mentioned in section 4.6 in finding these companies cannot be understated.

Because the area of research involves the development of CSR and the relationship within the Corporate Structure it was reasoned that this purposive sampling would help the validity of the findings because if the motives of a firm in a high stage of organisational growth would possibly interfere with the research it would be prudent to exclude them. Additionally the CSR activity itself was not within the scope of the research and therefore not relevant.

In total participants from 3 separate organisations would be included in the research. The industry experts consulted in section 4.6 were instrumental in the case selection process and in gaining connection with key informants within the selected cases.

4.10 Data collection - primary

Data to conduct the study was gathered from primary data collected from semi structured interviews were conducted with CSR decision makers within the selected organisation. These represent ‘key informants’ (Myers, 2011, p.244) and their participation is critical in conducting this type of research.

Once initial access had been granted, several potential participants were contacted and assessed for their eligibility. During the communication with the organisation, snowball sampling was also used, which is where the respondents were asked to suggest potential participants who may also hold key information. Chambliss and Schutt (2012, p.97) suggest this method is useful where random sampling is not possible and the research question calls for an intensive investigation of a small population.
The primary requirement of having access to and influencing the CSR decision making process within their organisation had already filtered down the possibilities to 12 potential participants. Following communication to establish that each would be able to assist within the time constraints, 3 CSR decision makers were chosen for interview.

Although a 4th organisation was contacted, and provided a key informant who did participate in a preliminary interview session and responded to initial questions, he was not available during the main interview sessions and a cut-off date imposed to satisfy the requirements of this dissertation. For this reason the data obtained from the original interview with this participant was regretfully discarded and the organisation removed from the study. Time constraints are a major feature in Dissertation research and the placement of deadlines and milestones are an important factor in successful completion. (Fisher and Buglear, 2010; Collis and Hussey, 2009; Frenze et al., 2011).

4.1 Secondary data

From the companies themselves, it was decided that several problems would cloud the research, the primary issue highlighted through the literature review being one of honesty. It was considered unlikely that a company will openly admit that the CSR policy is little more than marketing or that an increase in CSR expenditure was to offset damage experienced by the brand through recent events. Therefore supporting data was also collected from the organisation’s website, CSR reports, newspaper articles and academic journals. Some access was granted to the organisation’s own intranet where internal material such as internal policy documents, instruction manuals and company presentations were used in the research. Participation by the organisations was dependent on anonymity and measures have been taken to remove identifying features from the discussion.

4.12 Question design & interview protocol

The interviews were semi-structured to allow for different aspects of the topic to be revealed (Collis and Hussey, 2009, p.195) and enhance the possibility of discovery. Several questions were sent to the participants prior to the interview so they could familiarise themselves with the area of study and the questions.
Although the interviews were partially open, the 10 identical questions were put to all respondents during the course of the interview. This was done to ensure the research addressed the research question, allowed for some comparisons to be drawn and helped to maintain internal validity.

It was also decided to include the critical incident technique (Collis and Hussey, 2009, p.147) as this method helps the participant to relate events within the context of their own experience.

After initial questions had been answered, 1:1 Face to face interviews were conducted during March and April 2013, and follow up questions were tabled in May with the participants responding either by phone interview or email.

The interviews were open and relaxed and took place at a location of the respondents choosing. It was decided in advance they would not be recorded as the researcher wanted a process of open discovery and given highlighted concerns regarding honesty believed recording the interview might impact negatively on the results. To further ensure validity of findings and understanding, the researcher sent detailed notes on the interview to the respondents for comment, sent through additional follow up questions for clarification and received further confirmation the respondents position was accurately described when participants were allowed to comment or suggest edits in the way their answers or information were detailed when presented with a draft copy of the discussion section. For one or two of the questions, such as those asking for definitions, written answers were requested so that these answers could be used as quotes for the purpose of analysis and discussion.

4.13 Limitations

Given the type of research being conducted, the methods chosen were considered to be the best methods possible to achieve validity and reliability. It is possible that participants in the interview process would give answers that they considered correct or acceptable (Collis and Hussey, 2009, p.198). Semi structured interviews remove some of the possibility of comparing answers and it can be difficult to understand the construct that the participant
uses as a basis for their opinions (Collis and Hussey, 2009, p.144). ‘Post rationalization’ impacts on the way an event is related (Collis and Hussey, 2009, p.147).

It is also important to note that the practical restrictions of the dissertation did influence the choices of methods and case selection; however this was always done with the consideration that none of these restrictions would impact the validity or reliability of the findings.

4.14 Ethical considerations

Ethical considerations are a fundamental part of the research process. Most Universities have research ethics codes (Fisher and Buglear, 2010, p.73; Collis and Hussey, 2009, p.45), and the Department of Management at Birkbeck distributes their Ethical Standards within the Postgraduate Handbook (Birkbeck, 2013, p.7-9) to all relevant students. This research followed these guidelines strictly at all times.

Justification: The goals of the research were considered worthwhile; it was reasoned that these could not be met without the informed participation of each of the people contacted and I believed that I had at my disposal adequate resources to complete the project.

Access to participants: Issues of privacy were considered and the participants were informed of why they were approached.

Informed consent: All participants were told the purpose of this research and were informed of all aspects during the course of their participation. Consent was informed and freely given. This consent was considered to be a continuous requirement and participants were encouraged to ask any questions regarding the project at every opportunity. They were informed that they had the right to withdraw at any time, their agreement was sought in the way the information they provided was used and had the right to remove any data they submitted from the database. A copy of the consent form is available within this dissertation (Appendix a)

Potential harm to participants & general rights: Throughout this project, the potential when considered. On this specific project, this included care regarding information that was given concerning their workplace that could jeopardise their position. All aspects of the rights of participants were protected at all times following the guidelines as set out by the Postgraduate Handbook.
Information sheet: In line with the ethical considerations above an information sheet (Appendix b) was distributed and handed to all participants. A further electronic copy was emailed as a reminder during the course of the research and a 3rd copy was emailed when the final draft of their contribution was submitted for approval.
5 Discussion / Analysis

5.1 Introduction

This section details, discusses and analyses the findings from the case study results. The section begins with a brief outline of the 3 organisations that were researched. The main questions are then listed and categorised, before the organisations interview response to those questions is highlighted. Finally, using both primary and secondary data there is a general discussion of the CSR activity within the organisations and its relationship within the governance structure. The names of the organisations have been given fictitious names to maintain their anonymity.

Organisation 1: Rolton-Hyde

One of the largest Professional Services firms in the UK, Rolton-Hyde has around 1500 UK employees and independent offices or integrated partnerships in over 70 countries around the globe. Its global turnover was over £900 million. Rolton-Hyde has won several awards for innovative CSR & Sustainability practices. Like many top Professional Service firms, Rolton-Hyde has a history of changing partnerships, takeovers and mergers.

Organisation 2: StockChem

StockChem operates in the Specialty Chemicals market and focuses mainly on Formalin Chemistry, Plastics and Surface Materials. Founded over 100 years ago, StockChem has production plants in Europe, Asia and North America with 1800 employees located in 22 countries.

Organisation 3: BSRA Shipping (UK)

A world leader in the Global Shipping industry, BSRA currently operates 500 container vessels with a capacity of over 2 million TEU’s (20ft equivalent unit). BSRA operates at all major ports world-wide, with over 400 offices employing 40,000 people across the globe.
Summary

Each of the three organisations had a dedicated website with front page links to sections detailing their commitment to responsible business and environmental issues. Only one, StockChem, produced a dedicated CSR or Sustainability report, although policies, initiatives and related statistics were available to view or download on all three of the websites. Additionally, only StockChem defined CSR within published material, stating that for them, it’s about taking care of the environment, society and the people – without neglecting the economic objectives. Beyond vague and all-encompassing statements about commitments to diversity, social responsibility and environmental issues, none of the other two organisations gave clear indication of their definition about what such a responsibility involves.

5.2 Main questions

Category 1: Definition

What is your organisation’s definition of CSR?

How was it defined internally?

Category 2: Governance

Is there a specialized CSR department?

How does CSR fit into the governance structure of the organization?

Who does the head of CSR report to?

Is there Board representation (CSR champion on the Board) or direct chain of command to Board level interaction?

Category 3: Organisation

How many people work on CSR activity within the organisation?

Was the department or CSR team born as a sub section of a separate department?

Category 4: CSR Practice
Who decides CSR strategy in your organisation?

Do you believe CSR activity is of benefit to your organisation and can you give examples of recent CSR activity that is beneficial?

5.3 Category 1: Definition

Organisation 1: Rolton-Hyde: We believe that the impact of our business extends beyond our business operations. Our responsibility is also to minimize any negative effects and create a positive working environment internally and throughout our supply chain. We do not have a fixed definition, because we believe each business has a unique environment within which to work and this is constantly in flux. We work alongside other business units to continually update our own appraisal of what this means to us. (Organisation 1, 2013, Interview)

Organisation 2: StockChem: Taking care of the environment, society and the people – without neglecting the economic objectives. The definition was created prior to the creation of the CSR team and used as a blueprint for the creation of the team. (Organisation 2, 2013, Interview)

Organisation 3: BSRA Shipping (UK): We are still formulating our basic principles and seeking partnerships with organisations that can help us develop them. Our priorities include human rights, community involvement and disaster response. We have created global principles already in some areas such as those involving our workforce and we continue to both enhance earlier initiatives and adopt new ones. We are basing our vision on the UN Guiding Principles on Business and Human Rights and our goal is to publish a global commitment sometime during 2014. (Organisation 3, 2013, Interview)

The literature review highlighted concern with CSR definition, suggesting that business was evolving CSR practice around a risk driven response. Each of the three respondents had opportunity to discuss public pressure, but only BSRA shipping, in their commitment to disaster response, addressed or listed any external influence affecting how they view CSR. Perhaps as a result of their different industries, in discussions that followed the initial questions, Rolton-Hyde focused more on the people, whilst the other two, both part of industries with massive environmental challenges, paid more attention to sustainability issues and the environment.
All three organisations referenced the existence of a responsibility, a duty of business to negate some of the effects business has both on the community and the planet. Only StockChem, throughout our discussions and in their own published literature add the emphasis of the financial objective taking precedence.

Additionally Rolton-Hyde separated business related CSR from a responsibility that extends beyond the borders of their business operations. This distances them from shared value (Porter, 2006) principles and gravitates towards a more philanthropic or community driven agenda. Whilst StockChem’s definition neither accepted nor distanced itself from either principle, BSRA shipping, with their focus on internal operations and environmentally linked safety seem to be more focused on the risk factors and possible shared value benefits.

5.4 Category 2: Governance

Organisation 1: Rolton-Hyde:

Within the UK, there is a designated CSR team managed within an HR department consisting of between 10 & 12 staff. The department manager delegates CSR tasks amongst the HR team and brings in additional team members from other departments to work through busy periods as required. The Group’s CSR strategy is defined at Group level and within the publicised Annual Reports and policy statements there is mention of a ‘CSR Champion’ on the Board. Invariably throughout the group, CSR teams are placed within the HR business unit and the flow of information between CSR direction and the CSR team is separated by the HR Department heads and the Admin HQ above them in the Governance Structure. The Head of CSR reports directly to the head of HR.
The CSR Strategy is owned at Group Level by the Group’s Marketing & Communication Department and the only full-time CSR or Sustainability experts at the national level work as consultants for external clients. The Group policy, called the Partnership of Social Responsibility (PSR) initiative, states that the countries have room to develop changes, which in theory allows many local projects to be implemented, however in practice, most local teams neither have the required expertise nor budget to challenge Group Level directives or implement local projects. CSR strategy is decided at Board Level but there is no two way communication and even the designated CSR department cannot influence CSR strategy. Effectively the CSR department carries out the instructions and fulfils its function the same way an Accounts office does – whilst the expertise is within the department, the processes, rules & regulations are dictated externally.

Organisation 2: StockChem

StockChem do not have a specialised CSR department and at the Board level discussions about corporate responsibility focus almost exclusively on environmental concerns. At a National level, the Human Resources department oversee all people related policy and in conjunction with the marketing department produce CSR policy documentation that states
Corporate Social Responsibility is a philosophy that is embedded into the organisation at every level.

Two Senior Managers, one from Human Resources & one from Marketing jointly head the organisations non-environmental CSR strategy, control a small team and have responsibility for a budget to ensure activity is communicated both internally through the firm’s intranet and externally via either the website or promotional material. They also oversee and edit the addition of CSR related pages into the Group’s Annual Report. They have direct access to board level interaction through special network groups designed to implement the company ethos throughout the firm.

![Diagram](image)

_Figure 7: Partial StockChem Corporate Governance Structure 2013_

**Organisation 3: BSRA Shipping**

BSRA Shipping focuses mainly on creating a more environmentally sustainable business, however strategy, governance & specific actions are difficult to discover and interpret. Most of the published material refers to a long term strategy with environmental goals the Group intends to reach by 2020 issued by the Head Office in Geneva. There are no CSR directives from the Head Office in Geneva to local offices and National Level offices can and need to request permission from Head Office for any policy initiatives. The only BSRA group website that openly emphasises CSR is for a Cruise Line, which is the only business to consumer website within the Group portfolio.
BSRA UK has created a special project team that focuses on CSR initiatives. The team creates a business case for each initiative and for those beyond a certain budget, requires approval from Head Office in Geneva. Most of those accepted are therefore ones that provide shared value. During 2012 & 2013, the CSR team in the UK have focused on building third party technological partnerships with the Global Shipping Portal INTTRA (INTTRA, 2013) that reduce costs and improve efficiency. Even in this area they have experienced resistance to change and had several projects cancelled by Head Office.

![Figure 8: Partial BSRA Shipping Corporate Governance Structure 2013](image)

There is access between the CSR team to the Board at the National level and the organisation operates internal high level network strategies to assist in organisational learning and development. The team is based with the QHSE business unit, reports to the Chief Operating Officer and is not HR focused.
5.5 Category 3: Organisation

One of the questions in this section, relating to the number of people working on CSR within the organisation had no clearly defined answer from any of the respondents. Whilst the number of employees within the specific team or department could be given, the scope of CSR, especially when it was HR strategy that related to people within the organisation, left the respondents unsure. In hindsight, the question was not clear and had I possessed a clearer understanding of the way in which CSR activity operated within these organisations, I would not have included the question. However, good Governance as described in the Principles of Corporate Governance (OECD, 2004) suggest this lack of clarity, uncertain chain of command and non-defined roles pose an direct governance issue to those whose functions include assessing the use of company assets and making management decisions on timely and accurate information.

When addressing the development of the CSR department, only BSRA Shipping responded that they had developed a separate CSR unit placing it within the QHSE area of influence for governance purposes. Rolton-Hyde created a CSR function within the HR business unit, using HR employees as the original CSR team. StockChem, used existing Marketing and HR personnel and although they did not fully embed the CSR team within either department, did not apparently bring in any specific new expertise or skills to assist in the function.

5.6 Category 4: CSR Practice

The interviews sought evidence through specific questioning and general discussion regarding actual CSR practice, both internal and external, seeking examples from the respondents regarding their experiences. At this juncture the critical incident technique (Collis and Hussey, 2009, p.147) was also used, as this method assists in the retelling of an event within the context of their own experience.

The respondent from Rolton-Hyde detailed several initiatives. Internally, the focus was on providing gender equality with emphasis on providing equality not just within pay, but by offering the same potential for developing a career. Using industry and internal benchmarks they were raising the retention figures for their female workforce and raising the percentage of women within management positions. By offering benefits, flexible working
hours and introducing large scale ‘work at home’ policies, Rolton-Hyde believed it could reduce the social pressures creating an exodus of women from their workforce and what they described as a stagnation of their careers.

From the literature review, this element is distinguishable within CSR that brings internal benefit. CSR policies that improve staff motivation and retention provide clear competitive advantage. Whilst those such as McWilliams & Siegel (2001) would include this as CSR activity, others, such as Van Marrewik (2003) and Jones (1980) perhaps would not. Porter (2006) would use this as a clear example of Shared Value and those distancing CSR from legal obligations would point to legal requirements about providing and assisting with equality in the workplace.

Rolton-Hyde also described their involvement with the Institut du Bosphore (IB, 2013), a think-tank focusing on the relationship between France and Turkey. Two team members visited the Turkish Office in 2012 engaged in promoting an event related to the Institute. Similar support was given to the Women’s Forum (2013) in sponsoring an event in France.

Whist the two examples above would provide positive PR, many examples were given that were clearly philanthropic, activities directed towards local communities or specific charitable causes. There was a notable divide between the internationally driven CSR agenda and the one decided locally, although the local CSR team were involved in participating in those created at the international level.

StockChem described mainly procedural and policy driven CSR activity. Most of the material that was provided by StockChem to assist in the research was not in English and there was no English substitute. Help was gained in providing general translation, but because most seemed generic CSR promotional material, it was not considered beneficial having the entire bundle translated professionally.

StockChem has provided support for the European Alliance for Corporate Social Responsibility CSR (EACS, 2013) - a partnership between the Commission of the European Union and European companies. Most of the activity discussed fell into two categories:

a, Policy driven CSR, creating guidelines focusing on health and safety issues and implementing change throughout the supply chain. Emphasis was given on creating
guidelines to suppliers and creating an entry level standard that all suppliers would need to meet if they were to continue partnerships.

b, Philanthropic, donations to charity.

There were no examples given of community driven CSR activity. The literature suggested that unlike service driven organisations, firms participating in markets that are considered problematic regarding sustainability, had greater difficulty engaging publicly on responsibility issues. Much of the literature focused on risk related response to activism (Hockerts and Morsing, 2008; Gill, 2008; Shahin and Zaiiri, 2007; Maon et al., 2009). Further, the literature suggested ‘dirty industry’ was undemocratically vulnerable (Reinhardt et al., 2008). This places organisations such as StockChem in a difficult situation because the literature suggests despite theoretical attempts to engage in what they define as CSR proactively, they could still remain vulnerable to attack from activists over specific causes related to their core business functions that they are currently unable to address.

BSRA Shipping UK are also involved in what the literature defines as ‘dirty industry’. However their attitude towards CSR is far more open and engaging. Unlike both of the other organisations involved in the research, the CSR team, whilst limited in strategy creation, operate within a mandate that includes sustainability and environmental issues and is not HR driven. The discussion focused on the shipping industry and long term goals for improvement.

BSRA focus is on sustainability, mainly CO₂, SOx, and NOx emissions reduction. This involves long term research, major investments in fleet maintenance and renewal and global partnerships with other major shipping lines.

The CSR team contains a varied skillset, with sustainability practitioners, IT professionals and shipping experts and delivers a more focused approach with little or no reference to charitable causes or what they termed symbolic community gestures.

It could be suggested, that despite being ‘a dirty industry’ the shipping industry has a luxury the chemical industry does not. There is no alternative. The shipping lines are in partnership, change will be gradual and there is little risk of major attack from activists, providing the core business is operating within current accepted parameters. BSRA Shipping’s focus on
disaster response gives further evidence that they are less concerned about external pressure on their core business.

Additionally, as the majority of the operation is International, and National Office functions can be controlled by small agile teams, HR issues are mainly offshore, providing opportunity to grant good employee benefits to the small numbers employed within the National Offices.

5.7 Corporate Social Responsibility

Votaw (1973) declared the term Corporate Social Responsibility a brilliant one referencing the different ways the term could be applied and understood, Zenisek (1979) supported this, and this research has identified clear differences in the way CSR is understood and practised within different organisations. The lack of a clear definition is perhaps the result of evolutionary principals relating to the role of business in society and rather than avoid the philosophically challenged concept as Van Oosterhout et al. (2006) suggests, academics are primarily trying to gauge the scope and motivation behind the activity to better understand its defining features.

However, it remains challenging to research and compare when even basic principles cannot be agreed upon. There is also evidence to suggest organisations are using this uncertainty to improve their own financial position whilst winning CSR awards for these actions supported by an entire industry prepared to applaud their efforts. Rolton-Hyde attracts and retains top quality employees by offering them better working conditions. The legal requirements surrounding equality in the workplace, the introduction of flexible hours, health benefits and home working are modern HR principles shown to improve productivity and motivation. Retaining staff improves organisational learning and maintains competitive advantage. Shareholders at Rolton-Hyde benefit directly from such activity and Friedman (1970) would stand firmly behind a market mechanism that benefits the principals. Friedman’s opposition was to a social tax and yet there is a constant flow of research attempting to link CSR with financial performance which if proven would suggest Friedman would support it.
The example of Rolton-Hyde is evidence that suggests activity that improves a firm’s position or performance is more recognisable as Porter’s (2006) Shared Value than as CSR and gives support to Porter’s (2011) claim that CSR is a dead end.

StockChem appear to be a company in the early stages of developing a CSR strategy and display an uncertainty when having to communicate this externally. Transparency is also perhaps alien to the nature of an organisation in a highly secretive industry. However, their emphasis is on risk surrounding their products and StockChem’s core business is vulnerable in an industry that has continually developing legal procedures and demands. These are concerns that a Professional Services organisation such as Rolton-Hyde does not have to face. That they have created CSR material from a business unit separate from their sustainability unit provides support to the argument that each sector will develop a sense of responsibility, if one exists, that is different, and this in turn supports the suggestion from research such as Hockerts and Morsing (2008) that CSR is a reaction to external pressures.

BSRA Shipping’s CSR team were the only CSR unit within the research without an HR agenda. Additionally, despite the nature of their industry, there did not appear to be urgent risk related issues driving the agenda. The motivation behind the CSR activity of BSRA shipping appeared to be a mixture of both oncoming legislation and an understanding that increased costs will affect the industry as a whole and the market therefore would compensate. In effect, BSRA need CSR to maintain competitive advantage and their market share. Bigger ships, more economical and with a more efficient container technology driving capacity will make better statistics for sustainability reports. Therefore like the example of Rolton-Hyde, it is possible to suggest that BSRA have an advantage of being able to market the drive for a more profitable business as CSR activity.

5.7 Corporate Governance

There is clear evidence from the research to suggest that CSR activity and strategy within a firm is influenced by the governance structure and the position of the CSR team within that structure.

Creating a CSR department within an HR business unit that directly reports to part of the governance structure that does not concern itself with, for example, the carbon footprint of
the firm, is highly unlikely to result in a CSR unit that emphasises non HR activity or strategy. The CSR activity of Rolton-Hyde supports this argument.

Additionally, it can be suggested that if placed within the HR unit, it is possible that rather than place emphasis on sustainability practice, community driven philanthropic gestures may take priority. The research discovered that within the HR unit, the skillset of the CSR team was heavily biased towards HR and further, if a secondary skillset was utilised it tended to focus on communication or marketing.

As an additional example of this, if the CSR unit is placed outside of the sphere of HR, as in the case of BSRA Shipping, then one of the main CSR organisational activities, internal people policies is unlikely to be regarded as within the CSR units’ domain. Further support of the differentiation was provided by the skillset of the BSRA team which did not contain HR practitioners at all.

Clearly further opportunity to study is required and a larger sample built around purposive sampling that includes many different structures would be needed to investigate these effects further. CSR departments can be placed within business units ranging from Operations to Marketing and Communications to R&D. Each case may highlight different characteristics that were not uncovered by this initial research.

Additionally the results from this research suggest it is possible the effects are amplified by the distance of the related business units within the corporate governance structure, and as highlighted by case of both BSRA Shipping and Rolton-Hyde when strategy is being imported from a Head Office or International Group and there are no direct lines of communication open.

An unexpected finding of the research suggest CSR teams present Corporate Governance with agency concerns. Eisenhardt (1989) proposes that when the contract between the Principal and Agent is outcome based, the agent is more likely to behave in the Principal’s interest. Additionally, this is reinforced when the Principal has information to verify the Agent’s behaviour. However we also noted from the literature, that Reinhardt et al. (2008) suggests non-financial incentives may not be recognisable as conflicts. As Reinhardt et al. (2008) also reinforces Levitt’s (1958) concern regarding how decisions are being made as to
where CSR funding is directed, there is a logical concern that needs to be addressed as to who is deciding where to spend the principal’s financial assets.

Whilst in the example of Rolton-Hyde the research suggested limited authority, local community driven philanthropic gestures were still part of the CSR agenda. For example, a local school was chosen as a recipient for one of the CSR projects. Once the business driven agenda is left behind, are the same governance standards being maintained? Corporate Governance mechanisms requires that shareholder funds are not rendered vulnerable to conflict of interests Eisenhardt (1989), but if non-financial incentives are not necessarily regarded as conflicts, then does this suggest a potential weakness within decision making surrounding CSR departmental spending? If as the literature suggests, personal values are drivers of CSR activity (Hemingway and Maclagan, 2004), then the risk of a conflict of interests are amplified.
6. Conclusion and Findings

In this investigation, the aim was to assess the relationship between the corporate governance structure and the direction and strategy of the CSR department.

It can be suggested that Corporate Social Responsibility is both in every boardroom and in very few at exactly the same time. It is clear that organisations are at risk to external pressure. It is also clear that some organisations have embraced CSR as a business opportunity that provides them with a competitive advantage that has seen them become market leaders in sustainable business practices. However the true motivation behind an organisation’s CSR activity is as difficult to decipher as the meaning of CSR itself.

Whilst remaining undefined, Corporate Social Responsibility is used as a term to describe behaviour that brings benefits to stakeholders that do not necessarily hold shares in the organisation. Whether or not that behaviour can also bring benefit to the shareholder and remain CSR remains debatable, especially as such a definition would by default mean that some of CSR’s greatest critics would no longer have reason to oppose it.

It has been shown that different organisations practice CSR for different reasons and, there appears to be a vulnerability to adopt the emphasis of the sphere of influence of the business unit in which they were placed. This includes a restricted skillset that potentially renders the CSR team capable of effectively developing strategy for the limited areas in which they are experienced.

This behaviour has also been shown to be related to industry, and that different sectors, have industry specific concerns that influence both the decision of where to place the original CSR team and the emphasis they wish to place on the activity.

A further finding of the research suggests that possible conflict of interests can exist and that current corporate governance mechanisms may not include non-financial incentives as an area of concern for potential conflicts. This is highly relevant as budgets that are distributed by CSR teams may not come under the same scrutiny as other distributed shareholder funds because there is no expected financial return.
This work contributes to existing knowledge on CSR and corporate governance by finding the existence of a possible relationship between the position of a CSR department within a corporate governance structure and the direction and strategy of the CSR activity.

A number of important limitations need to be considered. Firstly, the research only considered 3 organisations that were chosen through a purposive sampling method. It is clear that a larger sample that included more variations may result in a different understanding. Secondly, information was drawn mainly from 1:1 interviews on a subject which literature had suggested may result in participants giving answers they believed were in the best interests of their organisation. A study that had wider access to secondary data and information such as internal emails, may have found additional data that contradicts some of the information given to this research.

This research has thrown up many questions in need of further investigation. Primarily additional research needs to be conducted surrounding this research’s primary question using a larger and more varied sample. Research also needs to be conducted to answer whether the governance influence found within this study can be reversed or changed. Additionally, the question of conflict of interest and governance mechanisms within CSR spending can also be addressed. It has also highlighted the possible need for academia to investigate further the definition of CSR and exclude activity that directly benefits the shareholders.
7 References


8. Appendices

Appendix a: Consent form for research participants

Postgraduate Dissertation Consent Form
Department of Management

Please read the following before participating in this research:

- I have read the Information Sheet and have had the details of the study explained to me. My questions have been answered to my satisfaction, and I understand that I may ask further questions at any time.

- I understand I have the right to withdraw from the study at any time and to decline to answer any particular questions.

- I agree to provide information to the researcher(s) on the understanding that my name will not be used without my permission. (The information will be used only for this research and publications arising from this research project.)

- I agree/do not agree to the interview being taped.

- I agree/do not agree to the interview being video-taped.

- I understand that I have the right to ask for the audio/video tape to be turned off at any time during the interview.

- I agree to participate in this study under the conditions set out in the Information Sheet

Signed by:

The researcher: ............................................. Date: ..............

The interviewee: ................................. Date: .............
Appendix b – Research Information sheet for research participants

Research Information Sheet

You are being invited to take part in a research study as part of a student project. Before you decide it is important for you to understand why the research is being done and what it will involve. Please take time to read the following information carefully and discuss it with others if you wish. Please ask if there is anything that is not clear or if you would like more information. Take time to decide whether or not you wish to take part. Thank you for reading this.

Who will conduct the research?

David Collier, a student studying an MSc in Corporate Governance & Business Ethics at Birkbeck College, Malet Street London WC1E 7HX, He can be contacted at any time on 07846 151558 or electronically via email david@tillescentral.com

Title of the Research

The evolution of CSR departments: - The origin of their powerbase within the governance structure and the impact of this on their struggle for direction and strategic identity. A case study.

What is the aim of the research?

Whilst a lot of research on a case by case basis exists on CSR activity, much of it seems to be focusing on the output. There is very little research conducted looking at the relationship between the mechanics of the CSR department and the relationship between the department and the governance structure of the organisation. The aim of this research is to attempt to answer the question: How does the governance structure of a company influence the strategic direction of a CSR department?

Why have I been chosen?

You have been chosen because you are considered a key informant for the purpose of this research. This means that you hold information that is considered necessary for answering the questions and meeting the aims of the research. You are one of 14 people that have been contacted for this research, all in a similar fashion and all will be given the same information sheet that you are reading now.

What would I be asked to do if I took part

You will be asked to participate in an interview, either face to face or by phone. You would have total choice over how, when and where this takes place. The interview would be explained to you in advance and whilst only some of the questions would be pre-determined you would be sent these in advance of the interview. Prior to the interview commencing you will be read a statement that will deal with your rights, and ensure there is no discomfort or ethical issue that could be raised by your participation in the research. There may be some follow up questions that will be sent via a single email that you may respond to at your own convenience.

What happens to the data collected?

The data will be collected and stored on a computer at the residence of the researcher. Recorded interviews will be stored on a data device and only specific quotes will be transcribed. The data will not be published and
the entire interviews will not be heard by anyone other than the researcher. Once the requirements of the dissertation have been satisfied, all identifying data and interview recordings will be destroyed.

**Will I have editing rights over how my opinion is represented?**

What you say and how it is understood is a fundamental part of the research process. Therefore you will be contacted and shown a draft of the way your information has been included in the research. If you feel you have been misunderstood or taken out of context, the changes will be made until you are satisfied with the way your opinion is being represented.

**How is confidentiality maintained?**

Your identity will remain completely anonymous and unless your permission is directly and clearly given your name will not be forwarded to anyone else connected with the research.

**What happens if I do not want to take part or if I change my mind?**

It is up to you to decide whether or not to take part. If you decide to take part you are still free to withdraw at any time without giving a reason and all data you have provided will be destroyed.

**Will I be paid for participating in the research?**

There is no payment of any kind for taking part in this research. Participation is entirely voluntary and you can withdraw at any time.

**What is the duration of the research?**

The research is being conducted between January and August 2013. Your participation will involve no more than 2-3 hours by interview (either face to face or by phone) and possibly an additional hour at some point if follow up questions are required. The follow up questions can be answered through email if preferred.

**Where will the research be conducted?**

If not conducted by phone, the interviews will be conducted at a place and time that is convenient to you and local to your place of home or work or any other place of your choosing.

**Will the outcomes of the research be published?**

The research will not be published as it is to be submitted as a requirement for an MSc at Birkbeck College, School of Business, Economics and Informatics. If you would like a copy of the completed research, I would be happy to send you one.

**Contact for further information**

If you have any questions at all regarding this research please contact me directly – David Collier 07846 151558 email david@tillescentral.com

**A Final word of thanks**

This research could not take place without the help of people like you. I want to thank you personally for considering your participation in this project. I do understand that we all have busy lives and even with the best intentions sometimes the time is just not there to give. In any event, thank you so much for reading this.