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**Comparison and analysis of Corporate Social Responsibility (CSR) reports of the
top five companies ranked on the 2013 CSR RepTrak**

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COMPARING CORPORATE SOCIAL RESPONSIBILITY (CSR) REPORTS OF THE TOP FIVE COMPANIES RANKED ON THE 2013 CSR REP TRAK. HOW DO CSR INITIATIVES OF THESE COMPANIES DIFFER FROM EACH OTHER AND ARE THEY INTEGRATED INTO THE ESPECTIVE BUSINESS STRATEGY?

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1. Introduction

In the 1970s, Corporate Social Responsibility (CSR) was discussed by Nobel laureate Milton Friedman in his article “The Social Responsibility of Business Is to Increase Its Profits.” (Friedman, 1970). His view on CSR was contemptuous as he referred to it as “hypocritical window-dressing” a reflection of the view of Corporate America on CSR back then. For a long time short-term maximization of shareholder value was the only maxim for top management across industries and companies. Over the last decade, CSR has become a more important and relevant factor of a company’s reputation, shifting the discussion from whether CSR is necessary to how best CSR commitments should be done (Smith, 2003). Inevitably, companies do have an environmental, social and economic impact, thereby imposing social costs on current and future generations.

In 2013, 50 of the world biggest companies have been responsible for 73 percent of the total carbon dioxide (CO₂) emission (Global 500 Climate Change Report 2013). Post et al. (2002) refer to these social costs as a company’s need to retain its “license to operate”. In the late 1990s, CSR reporting was nearly unknown, which drastically changed during the last decade. Allen White, co-founder of the Global Reporting Initiative (GRI), said that CSR reporting “... has evolved from the extraordinary to the exceptional to the expected” (Confino, 2013).

In confirmation of this, virtually all of the world’s largest 250 companies report on CSR (93%) and reporting by now appears to be business standard (KPMG, 2013). CSR reports are a medium for transparency which may lead to an improved company reputation (Noked, 2013; Thorne et al, 2008; Wilburn and Wilburn, 2013). In addition, it may be used as part of an ongoing shareholder relations campaign, which may prevent shareholders from submitting Environmental and Social (E&S)¹ proposals (Noked, 2013), based on an Ernst & Young report

¹ The top five E&S proposal topic areas in 2013 were: 1. Political spending/ lobbying; 2. Environmental sustainability; 3. Corporate diversity/ EEO; 4. Labor/ human rights and 5. Animal testing/ animal welfare. Three groups of environmental sustainability proposal topics of sub-category number two (environmental sustainability)

2013, representing the largest category of shareholder proposals submitted. PricewaterhouseCoopers (PwC) even goes as far as to claim that CSR reports are "...becoming critical to a company's credibility, transparency and endurance." (PwC, 2013).

1.1 Relevance of the topic

According to Dawkins and Lewis (2003), topics linked to CSR have become an important driver of public opinion and expectations regarding CSR are further increasing. The Top 100 companies spend on average 50 million USD a year on CSR activities but the fact that they are not able to get the message across to consumers should cause a deliberate reflection of their initiatives (Reputation Institute). The CSR report, therefore, provides a company an opportunity to communicate its CSR initiatives to its stakeholder, as it is the most basic tool for stakeholders to review and assess the social performance of an organization (Huerta, 2012).

CSR reports are a medium of transparency which may lead to an improved company reputation (Noked, 2013; Thorne et al, 2008; Wilburn and Wilburn, 2013). According to Schaltegger (2012), sustainability reporting needs to involve the entire company and its stakeholders. If a process of organizational network learning and development wants to be initiated, it will be necessary to assign responsibilities and to involve all departments and stakeholders (Schaltegger, 2012). This, once more, shows that CSR reporting, if done right, affects not only certain departments but the entire organization.

However, there are also challenges for CSR reporting. One, is to communicate CSR efforts simply and understandably. Two, is the risk of greenwashing, whereas stakeholders get increasingly aware of it and are not easy to deceive (KPMG, 2013). Three, the lack of data. Data are necessary to actually prove the Return on Investment (RoI) on CSR activities and to support the CSR business case. Therefore, CSR reporting has to be as transparent and honest as possible so that stakeholders do not perceive it as a sole marketing instrument which would

were prominent: 1. Climate change/ sustainability; 2. Energy efficiency/ recycling and 3. Energy extraction-related risks.

ultimately undermine its credibility. This is also supported by the 2013 Cone Communications/Echo Global CSR Study. 85 percent of the surveyed participants say that a company does not have to be perfect in CSR as long as it is honest about its efforts (2013 Cone Communications/Echo Global CSR Study).

As described above, CSR reporting nowadays plays a very important role in engaging stakeholders but also in legitimizing a company's operations to the public.

According to Lammers and Barbour (2006), CSR communication "... serves to reproduce understanding and acceptance of the institution within society" which is directly related to what Post et al. (2002) calls the "license to operate".

Therefore it is believed, that the research topic is relevant as it will compare the CSR activities, based on the respective reports of five different companies that based on their ranking position in the 2013 CSR RepTrack have an excellent CSR reputation.

The analysis will shed light on which CSR activities have been initiated and if incorporated into business strategies and aligned with the respective core competencies.

1.2 Purpose of the thesis

The thesis seeks to analyze and compare the CSR reports and activities of the top five companies ranked on the 2013 CSR RepTrak², namely: Microsoft Corporation, The Walt Disney Company, Google Inc., BMW AG and Daimler AG. Following, the thesis attempts to if the respective CSR initiatives are aligned with the company's core competencies. In 2008, the European Commission concluded, that there is a higher probability that CSR will contribute to the long-term success of an organization, if fully integrated into the business strategy. Ford Motor Company as an example, in course of their CSR activities over the last 14 years, donated more than \$95 Million for breast cancer education and research, which without doubts, is a very

² Created by the consulting company Reputation Institute.

honorable cause. However, it is at least questionable whether these contributions are aligned with Ford's corporate strategy and core competencies (McElhaney, 2009).

Out of scope is the impact of the legal systems of the companies' respective home countries in terms of disclosures of CSR and annual reports. This would justify a separate analysis. Furthermore, this thesis does not aim to assess the quality of the different CSR reports.

2. Theoretical framework

This chapter serves as the theoretical background of the thesis and starts with defining and explaining what Corporate Social Responsibility really means, what it encompasses, and how it differs from related terms. In scope of this thesis three CSR dimensions have been chosen which will be subject of the analysis. The chapter closes with a succinct literature review on CSR reporting.

2.1 Defining Corporate Social Responsibility

Generally, CSR is dealing with the broader societal interest and not with the profit focused view of an organization (Sen and Bhattacharya, 2001). However, Moon argues that CSR is nothing that can be easily defined as it overlaps with other areas such as corporate citizenship or environmental responsibility (Moon, 2004; Broomhill, 2007). In fact, in some cases, corporate citizenship is used interchangeably with CSR (Tulder, 2003). Evuleocha corresponds with Moon, and sees CSR as a vast field which makes it excessively difficult to generate a list with issues, which ultimately constitute CSR (Evuleocha, 2005). Polonsky and Jevons (2009), agree and view CSR as a topic with various definitions covering a range of environmental, social and ethical responsibilities.

However, according to Broomhill (2007), three different schools of thought and practice do exist that help to categorize CSR definitions:

- (1) the neoliberal school
- (2) the neo-Keynsian school and
- (3) the radical political economy

The *neoliberal school* views CSR as a set of policies or guidelines, such as the Caux principle³ or Keidanren charter⁴, initiated and driven by organizations on a voluntary basis (Broomhill, 2007). The ideas of the neoliberal school proceed in the direction of the thoughts of Friedman, whereas CSR is also regarded as potentially profitable in the long run (Broomhill, 2007).

The *neo-keynesian school*, however, pays greater attention to the active role of stakeholders which reflects the thoughts of Freeman's stakeholder theory and the way corporations integrate CSR in business operations (Broomhill, 2007). Both schools have in common that they see CSR not as a requirement imposed by regulations but as voluntary actions.

Last but not the least, the *radical political economy* school rejects the idea of voluntary CSR policies. Analysts believe that voluntary actions will not lead to more responsible behavior of global corporations but rather conceal and legitimate other business activities that are socially and environmentally detrimental (Broomhill, 2007). It is believed, that companies will proactively evolve policies and programs and accurately respond to their social responsibility if regulated externally.

When formulating CSR definitions, opinions on what it should encompass vary. Some scholars even go this far to say that no clear definition is existing (Jackson and Hawker, 2001). Van Marrewijk (2003), however, stated that definitions are existing but are biased towards certain concepts. Nevertheless, CSR needs a clear definition which is substantiated from a 2008 Oxford study: "The field of empirical CSR research generally has been hampered by the lack of a consistent definition of the construct of CSR, as well as its operationalization and measurement... This lack of consistency of CSR definitions across studies makes it difficult to

³ "The Caux Principles are a guide for companies to develop, re-examine, implement and monitor their own internal principles. The Principles offer a foundation for dialogue and action for business leaders worldwide and affirm the necessity for moral values in business decision-making."

⁴ "The Keidanren Charter for Good Corporate Behavior comes from Nippon Keidanren, the Japan Business Federation. The 10-point charter states: "Corporations, in addition to being economic entities engaged in the pursuit of profit through fair competition, must be useful to society as a whole Keidanren members agree to follow the spirit of the charter as the criterion of their corporate behavior. The charter was revised in October 2002 to emphasize roles and responsibilities of corporate executives in an attempt to prevent the recurrence of corporate misconduct." (Fernando, 2009).

evaluate and compare the findings from different studies because they usually refer to different dimensions of CSR.” (Aguilera and Williams, 2008). According to Matten and Moon (2005), the overall idea of CSR is that no company can detach and isolate itself from the issues in a society. This is also reflected by Dahlsrud (2006), whose analysis revealed that the most frequent dimensions in CSR are stakeholder, social, economic, voluntariness and environmental related. Romani et al. (2013) take a similar view, by classifying CSR into three categories: ethical, environmental and social. These dimensions are particularly important as they create and enhance positive CSR associations among customers which can ultimately lead to new customers and/ or retain current ones (Romani et al., 2013).

In the course of this paper the following definition of CSR will be used: “The social responsibility of business encompasses the economic, legal, ethical, and discretionary [later referred to as philanthropic] expectations that society has of organizations at a given point in time” (Carroll, 1991). The definition of Carroll seems particularly appropriate in the context of the thesis, as it encompasses also the economic perspective, which is important, as CSR needs to have a notable impact on the financial side to become a core business function. Furthermore, it illustrates the complexity of CSR by addressing different areas that need to be considered (legal, ethical etc.).

According to Dawkins and Lewis (2003), customers worldwide care most about the treatment of employees, community involvement, ethical and environmental issues which are all covered by Carroll’s definition. Last but not least, Carroll’s definition has been used for research purposes for more than 25 years and seems like the lowest common denominator in CSR research (Carroll and Shabana, 2010).

2.2. Related terms

As already discussed in the previous chapter, defining CSR is neither trivial nor easy. Hence, it is no surprise that in media and sometimes also in academia CSR and other terms such as business ethics, corporate accountability or strategic philanthropy, to name a few, are used interchangeably. In the following the three mentioned terms will be defined and essential differences to CSR outlined.

2.2.1 Business Ethics

Pimple defines business ethics as “...written and unwritten codes of principles and values that govern decisions and actions with a company.” (Pimple, 2012). However, similar to Corporate Social Responsibility (CSR), scholars are arguing that not one clear definition of the term business ethics exist (Lewis 1985). Collins (1994) argues that business ethics can be considered an oxymoron. Advocates of this thesis, believe that business and ethics exclude each other and that business, to some extent, is unethical by nature. In his article “Is Business Bluffing Ethical”, Carr (1968) is stressing that the business world operates according to different rules and principles and therefore society’s moral standards are not applicable. Carr (1968) compares the business world to a game poker, where bluffing and deceiving is part of the game and acceptable.

However, Johnson et al. (2005) provide a compelling concept which, on the one hand demonstrates the complexity of business ethics and on the other hand point out three levels (macro, corporate and individual), useful in understanding the concept of business ethics. This micro-meso-macro framework is particularly helpful as it addresses different aspects and influencing factors of ethical behavior, such as philosophical, economic, sociological, managerial, institutional and psychological (Li, 2012).

The *macro level* covers the ethical stance of the organization and to which extent they do exceed their legal requirements. (Johnson et al., 2005). According to Jeurissen (1997), macro level includes the market, government, cultural traditions and also different political and social

systems. Macro level is dealing with the role of business in society and how governance models can provide a framework to serve society in an ethical and responsible way.

The corporate or meso level addresses the organization itself, its structure and culture. Corporations have to adapt to macroscopic changes and therefore are subject to permanent changes. Nevertheless, society always expects that organizations follow rules and standards thus "... the interpretation of those rules and standards is often what defines business ethics." (Applied Corporate Governance, 2015). Rules and standards in an organization are interpreted by its employees, leading to the last level, the micro or individual level.

The individual or micro level is dealing with the behavior and actions of individuals within an organization (Applied Corporate Governance, 2015). All three levels are interconnected as changes on the macro level will impact the meso level and ultimately the micro level.

Although corporate social responsibility and business ethics are related terms and seem to overlap, they are still different concepts. According to Thomas (2012) both concepts are often used interchangeably and differences overlooked frequently in both academic and practical proposals. Based on Crane and Matten (2010), ethics is about norms and values, whereas CSR not necessarily have to be about these themes. CSR can be considered a more strategic or business approach without necessarily taking consideration of the normative ethical dimensions (Crane and Matten, 2010).

2.2.2 Corporate Accountability

Corporate Accountability, similar to CSR and business ethics, is a concept that is lacking a clear and generally accepted definition, caused by the wide range of definition of the term accountability (Cooper and Owen, 2007). Gray et al. (1996) define corporate accountability as "... the duty to provide an account (by no means necessarily a financial account) or reckoning of those actions for which one is held responsible." Other scholars, such as Cooper and Owen (2007), contributed additional standpoints that should be taken into consideration when defining corporate accountability, e.g. the "purposeful communicative action" as well as

“empowerment, in terms of facilitating action” (Mohammed, 2013). The communication part is accentuating the importance of a company’s obligation to be transparent in the way it reports and in publicly accepting responsibility for its operations and activities. Mohammed (2013) included the standpoints of Gray et al. (1996) and Cooper and Owen (2007) argue that corporate accountability defined as “the positive duty of due diligence to provide an account to society in the collaborative management of environmental, social, human and financial capitals is only possible by internalization of externalities.”

Just like business ethics and CSR are not the same, neither are CSR and corporate accountability. CSR is often used in the context of voluntary approaches, even if supported by market based incentives (Marshall and MacDonald, 2010). Corporate accountability on the other hand implies that corporate behavior is stimulated by external pressure from social and governmental actors, which can be imposed by legal mechanisms (Marshall and MacDonald, 2010). Another important difference between both concepts is that a company, through its CSR activities, is able to actively making a positive contribution to society and environment, whereas corporate accountability as described above is about transparent and purposeful communicative action.

2.2.3 Strategic Philanthropy

Strategic philanthropy can be defined as the “... synergistic use of organizational core competencies and resources to address key stakeholders’ interests and to achieve both organizational and social benefits.” (McAlister and Ferrell, 2002). It involves employees and organizational expertise and depends on the ability to link different stakeholder with key assets of an organization (McAlister and Ferrell, 2002). According to Porter (2002) strategic philanthropy describes any kind of charitable contributions aligned with corporate strategy, hence build bridges between the organization and needs in the respective communities.

Marx (1998) definition points in the same direction as McAlister and Ferrell and Porter and says that strategic philanthropy is dealing with the integration of contributions management

into the overall strategic planning of the corporation, thus aligning social contributions with the organizations core competencies (Marx, 1998). From the above definitions it can be inferred, that the main differences between philanthropy and strategic philanthropy is that the latter is characterized by actions aligned with strategic goals and resources of an organization, whereas the first one not necessarily utilizes an organization's core competencies.

As an example for philanthropy but not strategic philanthropy activities can be seen in Ford Motor Company's donations for the Susan G. Komen organization, the largest and best-funded breast cancer organization in the United States. For the past 20 years, Ford Motor Company dedicated more than \$125 million to the foundation. This, without doubt, is a very honorable cause, but not necessarily aligned with Ford Motor Company's organizational core competencies.

Hence, the example of Ford Motor Company also shows that CSR is not automatically considered identical to strategic philanthropy. Strategic philanthropy is about aligning contributions to society with the company's strategic agenda and vision, whereas CSR is dealing with the accountability of an organization, business or company on the its impact on surrounding communities and overall society. In 8.3 will be analyzed, if the CSR initiatives/ activities of Microsoft Corporation, The Walt Disney Company, Google Inc., BMW AG and Daimler AG are aligned with the respective core competencies.

2.3 CSR dimensions

In the following, attention is devoted to three CSR dimensions: Corporate Citizenship, Corporate Governance and Employees/ Workplace. Besides that, other dimensions such as customers exist, but will be neglected within the scope of this study. The reason is that the three mentioned CSR dimensions are the foundation of the 2013 CSR RepTrack ranking which will be discussed later (see. 7.2).

2.3.1 Corporate Citizenship

In the 1980s, the term corporate citizenship got more prominent in management discussions, primarily due to the joint statement on “Global Corporate Citizenship – The Leadership Challenge for CEO’s and Boards”, signed in 2002 by CEOs from 34 of the world biggest multinational corporations, including Coca-Cola Company and McDonald’s Corporation (World Economic Forum, 2002). Pinkston and Carroll (1994) see globalization as a major factor in the growing importance of corporate citizenship. Internationally expanding corporations have been under increasing pressure of being a good corporate citizen in each of the countries they operate and conduct business to overcome initial skepticism that usually home country firms do not experience (Pinkston and Carroll, 1994).

Corporate citizenship can be defined as an organization’s responsibility to create business value by caring for the well-being of all stakeholders (Glavas and Piderit, 2009). Maignan et al. (1998), identified five different research streams that have been tackled by corporate citizenship: (1) corporate social responsibility, (2) corporate social responsiveness, (3) corporate social responses, (4) corporate social performance, and (5) stakeholder management. Based on these finding Maignan et al. defined corporate citizenship as “... the extent to which businesses assume the economic, legal, ethical, and discretionary responsibility imposed on them by their stakeholders.” (Maignan et al., 1998).

Stakeholder relationship management is an integral part for every organization as it can be decisive for success or failure (Waddock, 2001). Customer purchase goods and services, suppliers provide raw material, employees do the production and shareholders provide financial resources (Waddock, 2001). Many more stakeholders exist but this selection already shows that companies cannot exist without their stakeholders. Stakeholders can be defined as any group or individual who might affect, or be affected by a company’s operation and its target fulfillment (Freeman, 1984). The impact of an organization on its stakeholder and surrounding environment is also one of the four pillars that constitute the corporate citizenship management

framework developed by the Boston College Center for Corporate Citizenship. The framework helps to define the scope as well as to reveal the interrelations and dependencies involved in creating a state-of-the-art corporate program (Boston College).

The framework consists of four different areas:

- (1) Corporate Values, Mission, Principles, and Policies
- (2) Products and Services
- (3) Operations
- (4) Community engagement

Corporate values, mission principles and policies is about engrafting corporate citizenship in the governance and management structure of an organization (Boston College). This is of vital importance as values and policies represent the DNA of an organization. Therefore, support through a company's core values, mission, vision and governance structure is crucial and determines a successful implementation and integration of corporate citizenship into the business strategy (Boston College). Contrary to Milton Friedman's view, that the social responsibility of business is to increase its profit, the framework states that a company has to address societal needs with marketplace solutions, ultimately leading to profits (Boston College).

Products and Services need to be reviewed thoroughly and adjusted or even reinvented if necessary, to increase their eco-friendliness or social benefits.

The third area, operations, is dealing with the way a company manages and reports to internal and external stakeholders on different topics from health or safety to sustainable environmental practices to respect for human rights in the supply chain (Boston College).

Finally, the fourth and last pillar is community. In a broader sense this is what people usually think of when hearing corporate citizenship. It is about addressing social challenges by mobilizing the company's competencies and help creating an environment of social well-being (Boston College). On the one hand this could mean philanthropy but on the other hand could

also lead to multi-stakeholder social issue partnerships. It follows, therefore, that companies in order to be better corporate citizens and socially and environmentally more responsible, usually having good corporate governance.

2.3.2 Corporate Governance

Corporate Governance increasingly gained importance over the last 30 years. The accounting scandals in the early 2000s (e.g. Enron Tyco or Worldcom in 2002), leading to the enactment of the Sarbanes-Oxley Act⁵ in 2002 (Du Plessis et al, 2014), even created more attention towards corporate governance (Mason et al., 2007; Rubach and Sebora, 2009; Stein, 2008).

Shleifer and Vishny (1997) view corporate governance as a means for investors to assure themselves of getting a return on their capital investment. Gillan and Starks (1998), however, are taking a broader approach and define corporate governance as the systems of laws, rules and factors that control operations in an organization (Gillan, 2006).

Similar to Gillan and Starks (1998), Brickley and Zimmerman (2010) define corporate governance as "... the system of laws, regulations, institutions, markets, contracts, and corporate policies and procedures (such as the internal control system, policy manuals, and budgets) that direct and influence the actions of the top-level decision makers in the corporation (shareholders, boards, and executives)." However, Cohen et al. (2010) argue that despite corporate governance being a well-researched area of study, no universally accepted definition exists.

In context of this thesis the definition of Solomon (2009) is used as it explicitly includes CSR. Solomon argue that corporate governance is a "... system of checks and balances, both internal and external to companies which ensures that companies discharge their accountability to all of their stakeholders and act in a socially responsible way in all areas of their business activity."

⁵ "An act passed by U.S. Congress in 2002 to protect investors from the possibility of fraudulent accounting activities by corporations. The Sarbanes-Oxley Act (SOX) mandated strict reforms to improve financial disclosures from corporations and prevent accounting fraud." (Investopedia website).

This definition seems accurate as today's board of directors not only have a responsibility towards the shareholder of the company but also towards a wider group of interested parties, including the surrounding community. According to Lawrence et al. (2013), larger companies more and more accept the fact that the well-being of the firm is interrelated with the well-being of the environment, shifting the focus from short-term to long-term business orientation.

According to Jamali et al. (2008), Kolk and Pinkse (2010) and Sacconi (2010), there is a link between corporate governance and CSR. Hopkins (2001) argues that a broader and more inclusive concept of corporate governance is evolving which also extends to CSR.

Jamali et al (2008) argue that corporate governance and corporate social responsibility are related as they reflect the organization's commitment to its stakeholder and Sacconi (2010) is going as far to see CSR as "extended corporate governance".

Gibson and O'Donovan (2007) agree with Jamali et al. (2008) and argue that "good governance is now closely linked to the concept of CSR and accountability and one way to demonstrate CSR is to increase annual report disclosures." Arora and Dharwadkar (2011) showed a strong interrelation between governance mechanisms and CSR practices in a way that good governance helps to reduce the amount of negative CSR, e.g. activities that ignore environmental standards.

2.3.3 Workplace

In the past CSR focused primarily on philanthropy and governance but today also encompasses workplace issues such as forced labor, child labor, harassment, discriminations, unfair wages and unsafe work environment (Carden and Boyd, 2013). According to Bauman and Skitka (2012) CSR may represent an opportunity to positively influence how current and potential employees perceive a company. Davies et al. (2003) argues that people often anthropomorphize organizations, endow them with qualities similar to humans (Fombrun, 1996), and therefore hold them accountable for their actions (King et al., 2010). People form a certain image of a company through accessible information and corporate policies and actions, typically

associated with CSR influence the individual's judgement of corporate morality (Ellemers et al., 2011). However, evaluating corporate morality is extremely difficult for two reasons. First, corporations are complex entities and a black and white description, with everything being either is good or bad, not adequate (Bradley et al., 2008). Bauman and Skitka (2012) bring it to the point with the following example: "A company that performs admirably when it comes to promoting safety on the shop floor, for example, may not effectively handle issues related to workforce diversity or consider the environmental impact of its operations." Nevertheless, companies should pay great attention to the concept of corporate morality as judgments of morality resist change once formed (Fiske and Taylor, 1984; Reeder and Coover, 1986). According to Bauman and Skitka (2012), "... people form global judgments about a company based on its level of CSR, which in turn affects how people think, feel, and act toward the company". CSR can actively influence the relationship between employee and company, specifically by addressing three different employee needs: (1) Need for security and safety, (2) need for esteem and (3) need for meaningful existence. (Bauman and Skitka, 2012).

Security and safety: Under the first employee need hides the desire of an individual to avoid exploitation. By setting clear norms for behavior, organizations can signal to employees that trustworthy behavior of its members can be expected (Bauman and Skitka, 2012).

Prospective employees, however, are not in the inner circle of a company yet and therefore use other sources that may function as substitutes to compensate for the lack of personal experience (Creed and Miles, 1996; Barber, 1998; Rynes, 1991). Therefore prospective employees might infer from CSR that a company is following certain ethical standards which possibly have a direct influence on the working conditions and the job environment in general (Backhaus et al., 2002; Turban and Greening, 1997).

Furthermore, through CSR a company can show its understanding and commitment towards ethical rules which in turn will provide some sense of security and safety to its employees (Bauman and Skitka, 2012). Hence, employees want to see evidence through actions that a

company is trustworthy and not opportunistic. If a company promotes from within and has a strong internal succession planning architecture, employees might infer that a company is trustworthy (Pfeffer, 1994).

However, according to Jones (1995), employees also think outside the box and evaluate the way the company deals with other stakeholders (e.g. customers) and consequently draw conclusions on how it will act toward them. It may be assumed that companies with a strong CSR reputation rather practice cooperative than opportunistic behavior in their relationship with various stakeholder groups (Bauman and Skitka, 2012). As a result, current and future employees may infer from CSR that the company has ethical and moral standards, thus show a leap of faith (Bauman and Skitka, 2012).

The second category of employee needs is the need for esteem. According to Locke et al (1996), people generally desire a positive image of themselves, and group membership plays an essential role in the way people feel about themselves (Tajfel and Turner, 1979). Bauman and Skitka (2012) argue "...that employees and prospective employees view CSR as a source of positive distinctiveness that enhances the image of a firm relative to others and makes membership in the organization more attractive." Scholars like Albinger and Freeman (2000), Backhaus et al. (2002) or Luce et al. (2001), found out that prospective employees find themselves more attracted to companies with a stronger CSR reputation. CSR also has positive effects on existing employees and their attitude towards their work, e.g. in the form of organizational pride/ organizational identification, commitment, performance and turnover intentions (Brammer et al., 2006; Jones, 2010; Lin et al., 2010).

The last category of employee needs is the need for meaningful existence. Rosso et al (2010) and Pratt and Ashforth (2003) argue that work can be meaningful and that it serves a greater purpose than just providing a paycheck. Work can be meaningful in many different ways. According to Wrzesniewski (2003) work will be perceived as meaningful if it either contributes to individuals' well-being, improves the community or is generally vital and important to

society. Rosso et al. (2010) goes a step further and states that meaningful and social contributions in a work setting bring individuals in compliance with their own principles, hence leading to inner harmony and peace.

2.4 Literature review on CSR reporting

CSR reporting has become increasingly apparent in literature and academia during the last two decades and introduced in the 1970s. Mathews (1997) conducted a detailed review of social and accounting literature over a 25 years period (early 1970s to the mid-1990s), but especially during the 1970s US research, in the field of CSR reporting, dominated academia (Gray and Kouhy, 1996).

In the 1970s, CSR reports were more an appendage of financial reports, whereas during the 1980s the focus shifted towards environmental issues, which often replaced social reporting (Hahn and Kühnen, 2013). An interesting discovery was made by Preston and Chapman (1978) who found out that CSR reporting varies, in terms of areas covered, with the country of domicile. Hahn and Kühnen (2013), conducted an extensive literature review of sustainability topics, continuing Mathews's work as it reviews 178 articles dating from 1999 to 2011.

By the end of the 1990s, the social and the environmental perspective was taken more into account leading to a joint report that was no longer an appendage but published alongside financial reports (Hahn and Kühnen, 2013). Further research studies analyzed the types of information that companies communicate as well as the extent of CSR reports (Adams and Roberts, 1995; Newson and Deegan, 2002). Schaltegger (2012) found out, that most of the literature on CSR reporting is focusing on external drivers of reporting, whereas other scholars are more interested in the role of sustainability reporting as part of strategy development and implementation (Porter and van der Linde 1995).

The auditing company KPMG regularly conducts a thorough survey about CSR reporting (The KPMG Survey of Corporate Responsibility Reporting). In the latest edition (2013), the report is covering 4,100 companies across 34 countries and analyzes the quality of reports of the

world's largest 250 companies (KPMG, 2013). Finally, Dorfman et al. (2012), conducted a comparison of CSR campaigns of the soda and tobacco industry, which points in the similar direction as the thesis.

3. Corporate Social Responsibility

This chapter, provides an additional theoretical basis for the analysis later conducted. Therefore different types of CSR activities will be discussed as well as motivation and barriers for companies to engage in CSR. The chapter will close with a discussion about the business case for CSR.

3.1 Types of CSR activities

CSR not necessarily means the same to all societies which, according to several scholars (Bredgaard, 2003, 2004; Chen, 2001; Garriga and Mele, 2004), is due to the fact that CSR is indefinite, multidimensional and changing (chapter 2.1 discusses the difficulty of a generally accepted definition of the term CSR). The same goes for the multitude of different CSR activities.

However, according to Banerjee (2007) CSR activities have three characteristics in common: a) formed and regulated through company policies and action, b) usually exceed law requirements and c) are voluntary and no legal claim exists. Gup (2008) shares a similar view: "...firms engage in a wide range of CSR activities, but a common theme is that all are at an 'engagement' or active stage of corporate citizenship that represents a different view of the company's role in society".

Nevertheless, during the course of this thesis, it would not make much sense to simply list CSR activities as it would not represent all available types. CSR activities differ, among others, based on countries, industries and stakeholder groups. Therefore, it seems more sensible to make a distinction between different kinds of organizational responsibilities from which activities can be derived. Carroll's conceptual framework "Pyramid of Corporate Social Responsibility"

seems appropriate in this context. In his framework, Carroll (1991) distinguishes between four different organizational responsibilities; economic, legal, ethical and discretionary.

Economic responsibilities of an organization are about producing an acceptable return on its owners' investment (Carroll, 1991). Legal responsibilities are about being compliant within the legal framework established by governments and judiciaries. According to Carroll (1991), legal responsibilities reflect a view of "codified ethics". The next layer of Carroll's CSR pyramid is ethical responsibilities. Ethical responsibilities are dealing with ethical norms about fairness and justice and comply with norms/ standards that show a respectful and considerate treatment of its stakeholder (Carroll, 1991).

The top layer of the pyramid contains philanthropic responsibilities which are about being a good corporate citizen (for definition see 2.3.1). It is about using corporate resources (financial and labor resources) to improve the quality of life in the communities where an organization is present and/ or conducting business (Carroll, 1991). Carroll argues that "... the total corporate social responsibility of business entails the simultaneous fulfillment of the firm's economic, legal, ethical, and philanthropic responsibilities."

In addition to Carroll's pyramid of CSR, Kotler and Lee (2005) classified CSR initiatives into six broad categories: cause promotions, cause-related marketing, corporate social marketing, corporate philanthropy, community volunteering and socially responsible business.

Cause promotions are dealing with a specific cause that benefits society in a broad way, e.g. fight against child abuse or child labor. Cause-related marketing is describing a marketing campaign where an organization is providing evidence of a positive correlation between sales numbers and the amount contributed to support specific causes.

Corporate social marketing is describing CSR activities that are similar to cause promotions with the difference that the social causes are more specific e.g. healthy nutrition.

Corporate Philanthropy is about donating company resources (money and/ or products) to support specific causes.

The last two types of CSR activities are community volunteering and socially responsible business practices. The first is about organizations motivating and engaging their employees to conduct community work on a voluntary basis, whereas the latter is about being an ethical business partner and comply with fair trade agreements while conducting business based on ethical business norms and practices (Kotler and Lee, 2006).

At this point the question arises if there are certain types of CSR activities that are more promising than others. According to Hill et al. (2003), the outcome of CSR initiatives rather depends on the implementation effectiveness than the choice of activity. Mallin (2009), however, disagrees with Hill et al. and is of the opinion that the choice of CSR activities is highly important also in creating a positive image for the business.

Therefore, it is not possible to provide a clear answer to the above mentioned question. Scholars like Lepoutre and Heene (2006) analyzed a large variety of different CSR activities such as eliminating product testing on animals, less energy consumption in business processes, ensuring employee safety or employing mainly organic materials. Tolhurst et al. (2010) and Hond et al. (2007) in their research work focused more on the effects of community projects and corporate volunteering,

Tolhurst et al. (2010) also researched about workplace related CSR activities such as diversity and equality issues or achieving a better work/life balance. Heath (2010) research focused, among others, more on women and minority issues, environmental compliance and support of local communities.

3.2 Motivation for companies to engage in CSR

Plenty of academics have sought out to explain reasons why companies choose, or should choose to, engage in CSR. The literature on this matter is described from a vast amount of perspectives and under several names and guises. Drivers (Matten, 2006), pressure (Matten & Moon, 2008), justifications (Porter & Kramer, 2006), arguments for (Werther & Chandler,

2006), and motivations (Idowu & Parasolomou, 2007) are just a few examples of how reasons for CSR engagement are described.

Furthermore, it is not possible to make a general statement as different companies across industries have different motivation to conduct CSR initiatives.

In course of this thesis, I would like to concisely focus on three different motivations for companies to engage in CSR:

- (1) Consumers
- (2) Investors
- (3) Employees

Consumer can play an important role in explaining why a company engages in CSR. Hansen and Schrader (1997) are arguing that consumers through their purchase decisions, can impose pressure on companies, thus indirectly influence a company's strategic direction.

According to Vogel (2005), consumers include CSR activities into their buying decision making process. Matten (2006) stresses that in order for companies to capture new customers and retain current ones, they should engage in CSR. However, other scholars like Mohr et al. (2001) argue that consumers in reality do not care about CSR and based on Devinney et al. (2010) only few take CSR into account when it comes to real consumption decisions. A recent survey (2014) with 30,000 consumers conducted by the global information and measurement company Nielsen showed that 55 percent of global online consumers across 60 countries are willing to pay more for products and services provided by a company that is actively involved in CSR. Similar results were found by the 2013 Cone Communications/ Echo Global CSR Study, and "91% of global consumers are likely to switch brands to one that supports a good cause, given similar price and quality" (Cone).

Another influencing or motivational factor for companies to engage in CSR are investors. According to Eccles et al. (2011), CSR policies and CSR scores of companies gained importance to financial markets and investment analysts. Literature has shown that financing

costs of an organization is directly affected by the quality of its CSR policies (Clark and Viehs, 2014). Bauer and Hann (2010) argue that "... firms that engage in environmental misconduct can incur costly penalties and evoke strong negative reactions from both financial and non-financial stakeholders, each of which affects their default risk ..." Thus, this would not only affect a company's debt financing costs but also its cost of equity financing (Clark and Viehs, 2014).

The last motivational factor are employees. CSR can affect employees in several ways, which is reflected by the diverse literature on the subject matter. A global survey of 1,122 corporate executives from 2008 revealed that CEOs perceive the benefit of CSR on employee matters in an increased attractiveness to current and prospective employees. Others, analyzed the relation to organizational commitments (Brammer et al., 2007; Peterson, 2004), job satisfaction and intentions to turnover (Riordan et al., 1997), organizational reputation and attractiveness as an employer (Turban and Greening 1997) or job performance (Carmeli et al., 2007; Aguilera et al, 2006). Based on Pratt (1998), organizational commitments describe to which degree an employee feels that a company shares the individual attributes. CSR can influence a corporate image which on the other hand positively affects the organizational commitment (Riordan et al., 1997). CSR's effect on organizational attractiveness for prospective employees is positively correlated with the number of job choices (Albinger and Freeman, 2000). The more job choices the stronger the effect. Especially in recruitment where companies are fighting for the best talents, CSR can be a decisive factor and be used as an HR marketing tool.

3.3 Barriers of CSR

In the previous, possible motivational factors that drive companies to engage in CSR have been presented. According to Laudal (2011) drivers and barriers of CSR must vary between different firm types. In the context of this thesis, barriers of CSR for multinational enterprises (MNEs) will be the focus as all companies discussed at a later stage are MNEs. Laudall (2011) argues that the main barrier for MNEs in implementing CSR is internal control. During the last decade,

several scholars (Graafland and Smid, 2004; Jenkins and Hines, 2003; Jenkins, 2009; Kusyk and Lozano, 2007; Oppenheim et al., 2007) researched how internal control can be a burden in implementing CSR in MNEs. Basically, for MNEs complexity is a big issue as CSR implementation through the different layers of a matrix organization is extremely challenging. In a UN Global Compact survey with 391 participating MNEs, 40 percent selected the option “complexity of implementing strategy across various business functions” as the biggest challenge and the reason for deciding against the implementation of a strategic company-wide CSR approach (Oppenheim et al., 2007). MNEs are experiencing greater difficulties in controlling the different aspects of corporate behavior as public opinion and expectations of CSR are further increasing (Laudall, 2011).

3.4 The business case for CSR

The main question raised when talking about the business case for CSR is what tangible benefits companies obtain from engaging in CSR initiatives (Carroll and Shabana, 2011). This is not a new discussion but started more than 50 years ago (Freeman, 1984).

The difference to the 1960s and 1970s is that CSR actions at that time were motivated by social considerations and not focusing on the economic impact. Over the last decades CSR evolved more and more into a core business function, thus the question about financial benefits became increasingly important. Carroll and Shabana (2011) argue that there is no single business case for CSR but based on their research findings, grouped the benefits in four categories (Carroll and Shabana, 2011; Kurucz et al., 2008). CSR can be viewed as a tool to:

- (1) Implement cost and risk reduction
- (2) Gain competitive advantage
- (3) Develop corporate reputation and legitimacy
- (4) “Seek win-win outcomes through synergistic value creation”.

According to a PricewaterhouseCoopers (PwC) study (2003), 73 percent of the surveyed Executives stated that cost and risk reduction is one of the top three reasons to engage in CSR. Cost and risk reduction can be achieved by implementing environmentally sound production practices and energy savings throughout the supply chain (Carroll and Shabana, 2011). Based on Berman et al. (1999), companies that address environmental issues proactively will be one step ahead of potential regulatory requirements, consequently lower the risk of costly process adjustments and drive down operating costs.

Furthermore, CSR activities can be leveraged as a tool to actively manage community relations, thus being able to decrease the number of regulations imposed on a company (Berman et al., 1999). CSR initiatives can also be used to gain a competitive advantage and to set an organization apart from its competitors. To achieve a competitive advantage an organization must be able to integrate the respective CSR actions with the business strategy (Carroll and Shabana, 2011). A strong CSR reputation can be beneficial in the sense of recruiting and retaining talented employees as companies "... without inclusive policies may be at a competitive disadvantage in recruiting and retaining employees from the widest talent pool" (Smith, 2005). Additionally, CSR initiatives can lead to stronger customer brand loyalty and moreover positively impact investment attraction (Carroll and Shabana, 2011).

According to Smith (2005), institutional investors are looking for companies that do not violate their organizational mission and values but rather comply with good records on employee relations, corporate governance and community involvement. Through community involvement and corporate philanthropy in particular, companies are able to differentiate themselves from others and gain a competitive edge. Ideally, those activities are aligned with the respective core competencies, to enhance efficiency and impact and add value to the beneficiaries (Bruch and Walter, 2005). In August 2005 Hurricane Katrina, one of the five deadliest hurricanes in the history of the US, obliterated thousands of homes in and around New

Orleans. Home Depot Inc. used its core competencies and provided rebuilding know-how to the communities thus helping to rebuild destroyed areas (Carroll and Shabana, 2011).

The third business case pillar is corporate reputation and legitimacy. Carroll and Shabana (2011) argue that “CSR activities enhance the ability of a firm to be seen as legitimate in the eyes of consumers, employees, and investors have shown a distinct preference for companies that take their social responsibilities seriously.” If a company acts transparent and disclosure CSR information, e.g. through a CSR report, they gain trust and legitimacy (Carroll and Shabana, 2011). CSR reports are an extremely helpful tool, if taken seriously and containing correct information only, to prove to societies/ communities that a company and its operations complies with social norms and is aware of its responsibility towards the environment and its stakeholders.

Last but not least synergistic value creation is another positive outcome caused by CSR initiatives. The focus lies on reconciling different interests and demands from several stakeholders, hence creating a common denominator that unites different potential interest groups (Carroll and Shabana, 2011).

The idea behind is, that CSR initiatives create a win-win situation, as they “...turn a social problem into economic opportunity and economic benefit, into productive capacity, into human competence, into well-paid jobs, and into wealth” (Drucker, 1984). Win-win, moreover means that a company will reach financial success while satisfying stakeholders’ demands, as the company’s activities will be in accordance with environment and stakeholders’ expectations (Carroll and Shabana, 2011). The presented fields show that the business case for CSR is not trivial and cannot be determined by a single financial number but rather has to be seen in a broader societal context.

4. Strategic Corporate Social Responsibility

In the following chapter the concept of CSR will be taken one step further, hence analyzed how companies integrate CSR into corporate strategy. By doing so, the nature of CSR changes fundamentally as CSR will now be embedded into a firm's overall strategy and not treated in isolation. However, many companies still do not connect CSR with the respective corporate strategy. Porter and Kramer (2006) argue that among other, the reason for it lies in the fact that companies rather create programs in a reactive instead of proactive manner, either motivated by external pressure or to address public relations issues.

Milliman et al. (2008) view strategic CSR as a concept that generates profits and social benefits at the same time. The view is closely related to the CSR business case discussion (see 3.4). But when would a company undertake a strategic CSR approach? Milliman et al. (2008) present four different motivational factors:

- (1) "When the organization seeks to resolve a business problem that can't be solved within traditional business boundaries."
- (2) "When an organization creates an opportunity based on a societal issue or trend (e.g. such as marketing "green" products to consumers in packs) on the business and vice versa"
- (3) "When an organization seeks to protect itself from threat posed by a societal issue"
- (4) "When an organization seeks to have a greater business and societal impact from its existing CSR program."

The above presented motivational factors show that CSR should not be viewed as an isolated business function but rather needs to be embedded in corporate strategy along with marketing, research and development and other key business areas. Hence, McElhaney's (2009) definition of strategic CSR will be used in context of this thesis: "... a business strategy that is integrated with core business objectives and core competencies to create business value and positive social/environmental value, and is embedded in day-to-day business culture and operations."

According to McElhaney (2009), CSR need to be aligned with a company's core business objectives as well as with its core competencies. The integration of CSR into corporate strategy will be discussed in the following chapters (4.1 and 4.2).

4.1 The initiation of CSR integration

Integrating CSR into a company's corporate strategy is not a trivial task. Before elaborating on this topic further, it is important to define corporate strategy. According to Sutton (1980), corporate strategy is dealing with the long-term existence and growth of an organization. However, Sutton is arguing that no single overall accepted definition of corporate strategy exist, same as for CSR (see 2.1). For Porter (1987), corporate strategy, is "... the overall plan for diversified company..." He sees corporate strategy as a connecting element, which makes an organization add up to more than the sum of its business unit parts (Porter, 1987). Galbreath's (2009) definition of strategy is based on different scholars (e.g. Porter, 1980, 1985; Barney, 1991). He argues that strategy, "... is concerned with understanding and addressing issues that impact on a firm's ability to achieve its mission, so that products/ services can be produced to meet the needs of the markets it serves through effective resource configuration, in order to build and sustain competitive advantage."

According to Hirschland (2005), lots of companies find difficulties in how to incorporate CSR into corporate strategy. Therefore, it is not surprising that six out of ten companies are unclear as to how to figure out which social issues will affect their respective strategy (McKinsey & Company, 2006). Another McKinsey study (2009) revealed that despite the fact that most executives acknowledge the strategic interest of CSR, ultimately none of them include CSR aspects fully when implementing business projects. But when does the integration process start? Based on Galbreath (2009), integrating CSR into the strategy of an organization is rather happening over time than on a specific date.

Top management plays a crucial role and can be considered as the initiation point of CSR integration into corporate strategy as Executives determine a firm's strategic direction, mission statements and day-to-day operating policies (Werther and Chandler, 2011). Senior management has to ensure that CSR is embedded into the organizational culture and continuously stress the strategic and operational importance of CSR to key stakeholders (Werther and Chandler, 2011). Rangan et al. (2015) agree with Werther and Chandler, and argue that companies must develop coherent strategies, which in turn should be an essential part of the job of every CEO.

If senior management is not taking the integration process seriously, it is meant to fail which is supported by a statement of an Executive of the American footwear manufacturer New Balance "...the lack of clear leadership was a major obstacle to developing an integrated CSR strategy, and that unless there was a senior-level champion for CSR in the leadership team, there was little possibility for CSR to advance significantly." (Veleva 2010). Therefore, despite integrating CSR into (corporate) strategy being an ongoing process, it has to be initiated and backed up by top management.

4.2. Integrating CSR into Corporate Strategy

In the previous section we saw that top management is the initial starting point of CSR integration into strategy. But what happens next and how does CSR become part of an organization's DNA, intertwined with corporate strategy or as Suzanne Fallender, Director of CSR Strategy and Communications at Intel, said: How does CSR reach the next level? Today, most Fortune 500 companies dedicate corporate resources to CSR initiatives. However, according to Porter and Kramer (2006), "... the prevailing approaches to CSR are so fragmented and so disconnected from business and strategy as to obscure many of the greatest opportunities for companies to benefit society."

Incorporating CSR into strategy is discussed by several scholars. Furthermore, the Harvard Business School strategy model include social responsibility as a key component of strategy

formulation (Husted and Allen, 2000). Integrating CSR into corporate strategy is of crucial importance and offers a huge chance for any organization as the alignment can contribute and help to build long-term value for the company and society (Rochlin et al., 2005). However, many companies are experiencing huge difficulties in bridging the gap between CSR and corporate strategy. Yuan et al. (2011) even go as far as to call the integration process as one of the great challenges that organizations are facing today. According to McElhaney (2009) “...most CSR efforts are not in support of typical corporate functions such as marketing, manufacturing, sales, and so forth, and many companies are not exactly certain of what goals to set for them, or what strategies to pursue. The result is often a hodgepodge of unfocused, unlinked, and unrelated strategies in search of an overarching goal.”

In their model, Yuan et al. (2012) argue that CSR initiatives have to be a fit in three different ways (see Figure 1):

- (1) Fit with societal stakeholders (External consistency)
- (2) Fit with prevailing business practices (Internal consistency)
- (3) Fit with other CSR practices (Coherence)

Basu and Palazzo (2008), view the overall fit of CSR into a company as eminent important and address it in their research: “...the consistency between an organization’s overall strategy and its CSR activities, and (the coherence) within the varieties of CSR activities contemplated during any given period of time.”

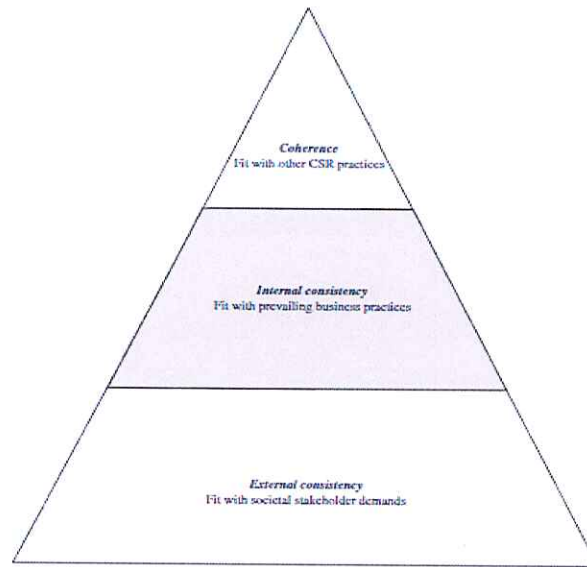


Figure 1: How CSR initiatives “fit” (Yuan et al., 2012)

The bottom of the pyramid (Figure 1) addresses the external consistency or the fit with societal stakeholder demands, such as enhancing corporate reputation (Fombrun, 2005), avoiding legal disputes (Perker, 2002) or securing and increasing customer loyalty (Bhattacharya and Sen, 2004). This, without question is an important factor when designing a successful and sustainable CSR strategy, however, this view alone would be too one-dimensional, ultimately leaving a company in a reactive instead of proactive position. Yuan et al. (2012) agree and held a sole focus on external consistency responsible for many examples of disjointed CSR practices in company. Nevertheless, a company needs to identify and target critical stakeholders as part of a coherent CSR strategy.

The middle part of the pyramid, ‘fit with prevailing business practices’, is of particular interest as, based on Yuan et al. (2012), it determines the extent to which CSR initiatives are able to contribute to overall business performance and societal goals.

Only if internal consistency is given, CSR will be integrated into strategy. Therefore, interaction with all different departments is key (Westley and Vredenburg, 1996). If CSR is planned and conducted in a silo and not in close collaboration with cross-functional departments, it will result in a weak performance towards the intended societal and corporate goals (Yuan et al.,

2012). Therefore it is vitally important to work on the internal consistency but also on the coherence of CSR practices. Coherence of CSR practices means the fit among the CSR related practices and routines within a company.

In addition to the different forms of how CSR initiatives “fit”, Gazzola (2014) adapted and integrated a concept, originally from Molteni (2007) and Mirvis and Googins (2006), describing the five stages of the integration of CSR into strategy (Figure 2). The five stages are:

- (1) Informal and defensive CSR
- (2) Charitable CSR
- (3) Systemic CSR
- (4) Innovative CSR
- (5) Dominant CSR

Informal and defensive CSR, based on the five stages model, is the least integrated form of CSR into strategy which can be seen with smaller- and medium sized enterprises (SME), and especially micro enterprises (Gazzola, 2014). In those companies, CSR tends to stay at a more informal and intuitive level. However, informal and defensive CSR not only occur in SMEs but also in bigger companies, and only applied if it can be proven that CSR will be able to protect shareholder value, e.g. by mitigating the impact of negative publicity (Visser, 2010).

This of course does not show any kind of integration into the overall strategy.

The next stage is charitable CSR, describing a stage where a company is supporting one or many different social and environmental initiatives/ programs through monetary contributions. At this stage a company already starts to use communication tools such as a sustainability report, thus building creditability for its CSR action (Gazzola, 2014).

Systemic CSR is the middle stage and now, for the first time, CSR is kind of aligned with the corporate strategy but without changing that strategy (Gazzola, 2014). Initiatives and CSR engagement get more concrete, focused on a micro level and supporting social or environmental issues (Gazzola, 2014).

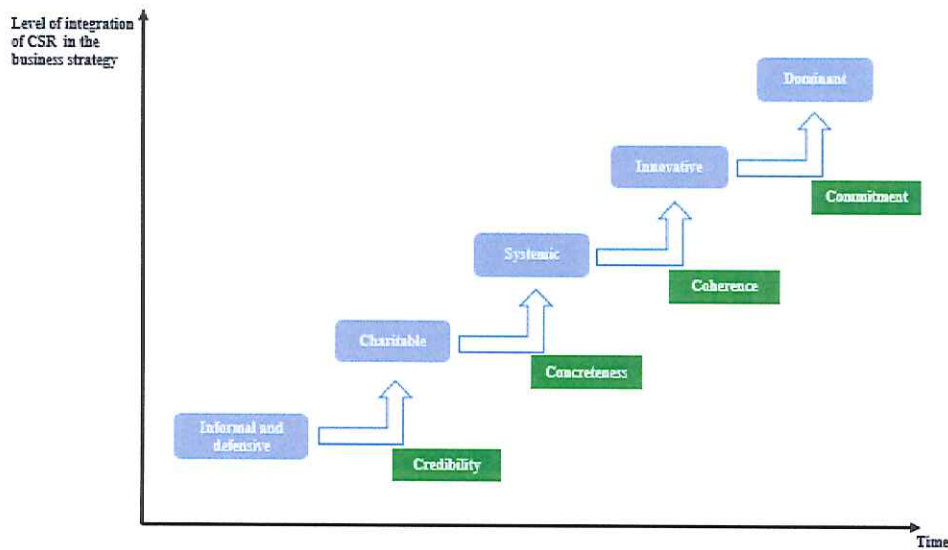


Figure 2: Five stages of development of CSR into strategy (adapted from: Gazzola, 2014)

The penultimate stage is called innovative CSR. Innovative CSR is about digging deeper to the core of the problems of unsustainable and irresponsible company actions by innovating existing business models, changing internal processes, products and services (Gazzola, 2014). Furthermore, companies are actively involved in lobbying, trying to bring their message across to national as well as international policies (Gazzola, 2014). Once a company reached the innovative stage, the integration process of CSR into strategy is completed and activities show that an organization is following a holistic approach and interconnections on a macro level (society and ecological system) are understood (Gazzola, 2014).

Last but not least, the final stage is called dominant CSR. It means that CSR activities are related to the core business of an organization and CSR codes of conduct as well as social and environmental management systems already implemented (Gazzola, 2014). Subsequently, it encompasses a full CSR lifecycle approach including policy development, target setting, structured implementation procedure, auditing and reporting (Gazzola, 2014). At this point the crucial question is what kind of internal actions support achieving internal, external consistency and coherence of CSR initiatives, thus reaching the stage implementing dominant CSR in an organization?

Dey and Sircar (2012) argue that CSR should be included in the company's mission and vision. "A Mission Statement defines the company's business, its objective and its approach to reach those objectives. A Vision Statement describes the desired future position of the company." (Bain & Company, 2015). A vision is showing the big picture idea and what the company wants to achieve, whereas the mission is showing the path on how to achieve the vision but also what a company is currently doing. Taking the time horizon into account, it gets obvious why mission and vision are so important to a company.

The mission is focusing on the present and the vision on the future. Both together can provide a company and its stakeholder a clear idea about the status quo and about the long-term goal. For this reasons, Dey's and Sircar's proposal seems plausible. The authors argue that by having social responsibility and corporate citizenship included in the vision and mission, a company will be able to undertake a Fit-Gap analysis and assess the degree of deviation between the stated vision, mission, values and purpose and reality (Dey and Sircar, 2012).

In addition, it is necessary to have CSR embedded in corporate values as they constitute a company's foundation (Dey and Sircar, 2012). This step would legitimize and strategize CSR within the company as it would show what the firm is trying to achieve (Burke and Logston, 1996). McElhaney (2009) agrees with the authors and argues that CSR needs to be embedded within and reflect the core values of an organization.

Another important step in the integration process is to give CSR a voice in an organization and to put it on an equal footing with other core functions, such as R&D, Accounting or Finance, thus having a direct reporting line to top-management with a leader who is clearly responsible for CSR (McElhaney, 2009; Galbreath, 2009). McElhaney argues, that "... the higher up CSR reports to the company the more closely linked to providing value it is as a strategy." The author proposes to determine the top-three business objectives/ priorities of an organization and develop a CSR strategy that will be able to clearly contribute to achieving those goals.

The next step would be to align CSR strategy with the firm's core competencies (McElhaney, 2009). Generally, CSR initiatives should be linked to a firm's core competencies, leveraging their respective expert knowledge. That being said companies should focus on, "... causes and social/ environmental strategies for which they own part of the solution." (McElhaney, 2009). A further measure is to integrate CSR into governance and management/ performance system (McElhaney, 2009). If CSR implementation is linked to individual objective setting and performance appraisal system, CSR recognition across all divisions will raise and be taken more seriously (McElhaney, 2009). Therefore, it is essential to introduce clear performance metrics and key performance indicators (KPI), to measure implementation efforts but also the impact of CSR strategy and how it contributes to the overall success of the company (McElhaney, 2009).

5. CSR reporting

CSR reporting, introduced in the mid-1970s, has become increasingly apparent in literature and academia during the last two decades. In 1976, the Organization for Economic Co-Operation and Development (OECD) released the Guidelines for Multinational Enterprises which was kind of first guidelines and voluntary principles for responsible business (Maguire, 2011). In the 1970s, CSR reports were more an appendage of financial reports, whereas during the 1980s the focus shifted towards environmental issues (Hahn and Kühnen, 2013). An interesting discovery was made by Preston and Chapman (1978), who found out that CSR reporting varies, in terms of areas covered, with the country of domicile.

By the end of the 1990s, the social and the environmental perspective was taken more into account leading to a joint report that was no longer an appendage but published alongside financial reports (Hahn and Kühnen, 2013). In general one can say that one major driver for CSR reporting in bigger organizations was its potential for mitigating reputational risk. It is safe to say that CSR reporting became an integral part of a company's overall accounting reporting framework (Tschopp and Hueffner, 2014). Today, a multitude of different guidelines

exist including the Organization for Economic Cooperation and Development (OECD) Guidelines for Multinational Enterprises, the Global Reporting Initiative's (GRI) Sustainability Reporting Guidelines, AccountAbility's AA1000 Assurance Standards, the International Finance Corporation's Performance Standards or the United Nations (UN) Global Compact's Communication on Progress (Maguire, 2011; Tschopp and Huefner, 2014). According to Koerber (2009), the GRI's G3, the AA 1000 Series and the UN Compact's in Progress are the most recognized standards in today's reporting environment, also involving social and environmental issues.

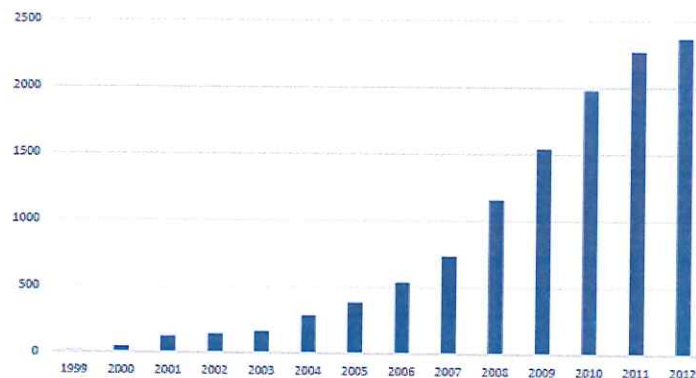


Figure 3: Increase of GRI reports (G3 and G3.1) from 1999 to 2012 (Source: Nachhaltigkeit, 2015)

Out of the three prominent reporting standards, the guidelines created by the Global Reporting Initiatives (GRI), are considered the international benchmark standards for CSR reporting across industries and countries. The number of reports using the CSR standards has increased significantly between 1999 and 2012 (Figure 3). Today, more than 5.000 companies and organizations from 70 different countries are using the GRI reporting standards (Nachhaltigkeit, 2015).

In scope of this thesis, the Global Reporting Initiative guidelines will be briefly discussed, as the CSR reports of the MNEs, analyzed at a later stage (except Google), are following the GRI guidelines. The Global Reporting Initiative (GRI) is an independent institution, providing

guidelines for organizations to report on the economic, environmental, and social dimensions of their products and/ or services. The reporting guidelines are the core of the GRI.

Organizations receive guidance on report content, standard disclosures performance, performance indicators as well as on technical topics. In 2000, the GRI launched the first version of its guidelines, in 2002 the second version (G2) and in 2006 the third version (G3). In 2011, an update of the G3 guidelines, the G3.1 with expanded guidance on gender, community and human rights-related performance reporting was launched.

The latest version (G4) was launched in 2013, "... offering Reporting Principles, Standard Disclosures and an Implementation Manual for the preparation of sustainability reports by organizations of any size or sector." (GRI). The 2013 CSR reports of three of the five companies that will be reviewed later (Microsoft, Disney and BMW) are under G3.1, whereas Daimler is already following the G4 guidelines.

The transition phase from G3/ 3.1 to G4 is set for two years and every company within this time window can continue to report using G3/ G3.1, thus every report issued after 31st December 2015 has to follow G4 standards (KPMG, 2013). Based on a KPMG report from 2013, five main differences between G3/ G3.1 and G4 exist:

- (1) The G4 guidelines are accentuating the **importance of materiality**. In this context materiality and relevance can be used synonymously. "Determining materiality for a sustainability report includes considering economic, environmental, and social impacts that cross a threshold in affecting the ability to meet the needs of the present without compromising the needs of future generations." (GRI). The materiality concept is also addressed in G3 but in G4 a stronger link between materiality and management and performance information gets apparent. Furthermore G4 does also contain new requirements pushing organizations towards a direction where they have to explain the processes they use to identify their Material Aspects.

- (2) In G4 organizations now have to report for each materiality aspect whether its impact lies inside or outside the organization and additionally assess and describe where the impact ends. This is subsumed under the term “**boundaries**”. The major difference to G3 is that organizations only had to report on impacts that they have control over or are able to significantly influence. Under G4 this idea has now been extended.
- (3) In G4 the maturity of an organization’s report will be demonstrated by two “**In Accordance levels**”⁶. Compared to G3, organizations no longer receive a graded A, B or C application level. G4 no longer offers a “+” option indicating that the report has been either checked by an external company or by GRI.
- (4) G4 contains 10 additional **standard disclosures on governance** compared to G3. In the course of this a new category of disclosure, on “Ethics and integrity” can be found.
- (5) In G4 **supply chain issues** grew in scope and importance. An organization is obliged to “... disclose how they manage environmental, social and societal issues related to the material impacts of their supply chain”. Similar to the previous point, G4 has higher information disclosure requirements compared to G3 in respect to supply chain issues.

The GRI guidelines help companies become better and more structured in their reporting, following a clear structure, helping them to assess their CSR performance as well as communicating it to the public in a similar way to financial reporting. However, Nielsen and Thomson (2007), argue that due to the fact that CSR and CSR reporting are voluntary concepts the impact of the GRI is weakened. Therefore it is not surprising that CSR reporting is facing

⁶ Two “In Accordance Levels”: „Core“ and „Comprehensive“ Organizations can choose to prepare a report that either 1) meets one of the two ‘In Accordance’ levels – meeting the Guidelines on either a ‘Core’ or ‘Comprehensive’ level or 2) use the Guidelines without meeting the ‘In Accordance’ criteria.

some challenges. According to Godelnik (2012), one of the challenges are to drive CSR reporting from a one-time annual product to an ongoing dialogue with stakeholders. Furthermore, more and more organizations are making huge efforts to ensure that their suppliers meet a certain level of sustainability by requesting detailed information.

Therefore, it seems inevitable that bigger companies will work closely together with smaller suppliers to help those developing widely accepted industry-based levels of transparency and eventually train suppliers in GRI reporting (Goldelnik, 2012).

6. CSR communication

In recent years CSR communication gained increasingly more attention in academia and in practice (Golob et al., 2013). In 2008 one of the first Special Issues in CSR communication-related topics was issued in the *Journal of Marketing Communications* (Podnar, 2008; Golob et al., 2013). The first handbook of CSR communication was issued three years later in 2011 (Ihler et al., 2011; Golob et al., 2013).

Furthermore, the importance of CSR communication continuously grew in practice. Today, MNC as well as local businesses around the world are communicating about CSR. According to Manheim and Pratt (1986), CSR communication is an integral part of effective CSR. In the early beginnings, the role of CSR communication and its interfaces to departments such as public relations or marketing was blurred and responsibilities not clear (Manheim and Pratt, 1986; Heath and Ryan, 1989).

In the early 2000s, CSR communication started to develop from a monologue to a dialogue and began to engage relevant stakeholders (Wang, 2007; Bartlett et al., 2007). Today, based on a research report by the MIT Sloan Management Review and BCG (Kiron et al., 2015), CSR communication receive more top management attention and clear key performance indicators (KPIs) have been introduced. The public is demanding more transparency and accountability from organizations and therefore it can be expected that CSR communication will gain further importance. According to Bostdorff and Vibbert (1994), CSR communication is an instrument

to connect and interact with stakeholders, thus providing an understanding of the organization which ideally will lead to a positive opinion of the stakeholders and nurture existing relationships. Lammers and Barbour (2006) argue that the role of CSR communication, is “... to reproduce understanding and acceptance of the institution within society”. CSR communication is about communicating a company’s CSR activities also by using promotional techniques which on the one hand have an informative character but on the other hand also support CSR-based brand identity and reputation (Golob et al., 2013). CSR communication occurs in different forms and for different purposes (Elving et al., 2015): (1) Strategic action (Persuasive and Informative CSR communication) and (2) Communicative action (Aspirational and Participatory CSR Communication) (see Figure 4).

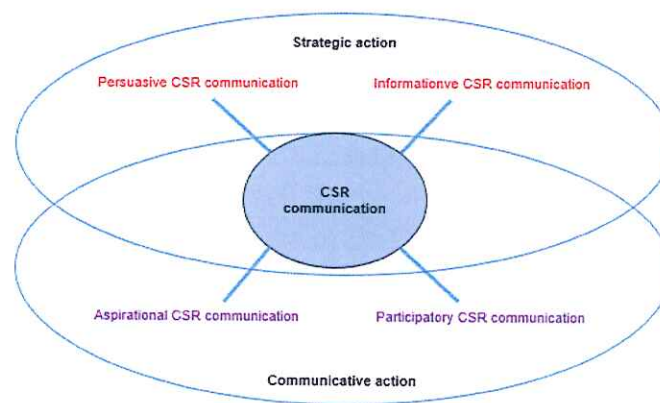


Figure 4: Types of CSR communication (adapted from: Elving et al., 2015)

The frame constituting “strategic action”, covers persuasive and informative CSR communication (Figure 4), and views CSR from a business case perspective (see 3.4.), with a classical one-way communication approach. The second frame, “communicative action”, covering aspirational and participatory CSR communication, on the other hand, is about building and solidifying a dialogue with stakeholders to balance interests and reach mutual understanding (Jonker and Nijhof, 2006). Elving et al. (2015) argue that each type of action (strategic/ communicative) “... is based on quite different sets of assumptions and offers a different perspective on CSR communication.” Strategic action is about influencing the

decision of another party to reach an intended outcome (Habermas, 1984). Therefore, it gets obvious why a one-way communication rather than a dialogue can be expected. Habermas (1984) argues that the language in strategic action is aimed at “getting someone” to do something, and the action is characterized by the “communication of those who have only the realization of their own ends in view” (Habermas, 1984; Elving et al., 2015).

The priority is to present all the good deeds of the organization and use CSR communication as an instrument to convey a picture of a sustainable and responsible company. Habermas (1984) succinctly summarizes strategic actions and argues that the language is manipulative and instrumentalizes the audience for its own advantage. Communicative action on the other side, had seeks for common understanding and following a dialogue approach. Language is used in a way to achieve understanding about social and environmental issues and how those issues can be addressed (Elving et al., 2015).

Generally, CSR communication is facing lots of challenges and in scope of this chapter it seems appropriate to address some of those to show that CSR communication is not simply issuing a sustainability report. Based on Du et al. (2010), stakeholder skepticism toward CSR activities constitute major problems in CSR communication. In the same direction as Du et al. goes Elving and van Vuuren (2011), arguing that inconsistency between actions and communication is leading to terms as ‘green-washing’, ‘blue-washing’ or ‘window dressing’. Stakeholder scepticism is a good example how ‘strategic actions’ in CSR communication can be a suitable method to face mistrust if carefully dosed and in conjunction with ‘communication action’ in the long run.

Stakeholders need to be persuaded that CSR activities are not simply a PR tool but picture a company’s genuine and authentic desire to improve the community, hence creating trust. Persuasion alone is not sufficient, and ‘communication actions’ need to follow. CSR communication should not be reduced to conveying messages to stakeholders and focusing on

enhancing image and reputation but in addition has to be a tool to influence and manage public expectations (Christensen and Cheney, 2011).

According to Reisch (2006), "... an 'ecotainment' ... approach, i.e., the use of social marketing concept based on positive emotions and entertaining features, is more effective than the hitherto predominant fact-oriented style of consumer information." CSR communication is targeting different stakeholder groups internally and externally. Therefore activities need to be communicated through different channels, such as websites, advertisements, annual reports press releases, sustainability reports, road shows, camps, etc. (Tewari, 2012). Tewari (2012) identified four broad categories of stakeholder that can be addressed by CSR communication: (1) Environment, (2) Human Resources/ employees, (3) Society/ Community and (4) customers. In context of this thesis, the first three stakeholder groups are particularly relevant and Table 1 shows frequently communicated CSR topics (Tawari, 2013; Murthy, 2008; Lanis and Waller, 2009; Zhang and Han, 2008, Kumpikaite, 2008; Snieska and Simkunaite, 2009).

Stakeholder Groups/CSR Topics		
Environment	Human Resources/ employees	Society/ community
Climate Change	Employee benefits	Community benefits schemes
(Green House) Emission	Rewards & Recognition	Objective of community related activity
Zero-Waste	Training & Development	Impact of CSR programs
Material Balance	Health & Safety	Details of the facilitating agencies
E-Waste Management	Diversity Management	
Recycle	Employee engagement	
Carbon Credits	Job satisfaction	
Carbon Footprints	Work culture	
Pollution	Work environment	
Environment and Energy		

Table 1: Most frequent communicated CSR topics (Source: Among others Tawari, 2013 and Murthy, 2008)

To successfully communicate, professionals first of all have to deal with a multitude of questions, e.g. "what kind of information do individuals want to know about CSR initiatives?", "what are the best ways to reach audiences with CSR information?", or "what impact does communication of CSR programs have on audiences?" Therefore the challenge will be to find ways to connect CSR initiatives with the interest of stakeholders in a meaningful way.

Du et al. (2010) agree and argue that stakeholders have different characteristics, which ultimately influence the way CSR communication is processed.

7. Methodology

This chapter seeks to explain the methodology used in the thesis. The research question will be presented as well as the data analyzed. Furthermore, the rationale behind choosing Microsoft, Disney, Google, BMW and Daimler will be explained. The chapter will close with a concise explanation on how the theoretical framework of the previous chapters will be the foundation of the analysis.

7.1 Research questions

The two research question, of the thesis are:

- How do CSR initiatives of Microsoft, Disney, Google, BMW and Daimler differ from each other?
- Are those initiatives integrated into the respective business strategies, hence, aligned with the respective core competencies?

The first part of the question is a comparison of the CSR initiatives of the five U.S. and German MNEs, whereas the second part builds on the previous by analyzing whether those initiatives are integrated into the respective business strategy and aligned with core competencies.

7.2. CSR RepTrack

The companies chosen for this thesis are based on the ranking of the 2013 CSR RepTrak 100 study by the consulting company Reputation Institute. The top five position in the 2013 CSR RepTrack 100 ranking are taken by (in that order): Microsoft, Disney, Google, BMW and Daimler.



Figure 5: CSR dimensions based on the 2013 CSR RepTrak (Source: Reputation Institute)

The RepTrak model developed by Reputation Institute measures both the emotional perceptions and the rational explanations of a company's reputation. CSR RepTrak awards scores based on companies' performance in three of the seven reputation dimensions, namely Citizenship, Governance and Workplace (Figure 5), on a scale from 0-100. Reputation Institute's CSR RepTrak Ranking is used by companies across industries as an instrument to measure the gap between their actual CSR performance and what the general public thinks about it (Reputation Institute). Thereby, it encompasses a broad range of topics covered by various CSR and sustainability definitions, including environmental, social, workplace and governance issues. The CSR RepTrak Ranking is carried out annually, hence enabling historic comparisons. For the CSR RepTrak survey over 55,000 consumers from more than 15 countries⁷ have been interviewed (Reputation Institute).

7.3. Research technique and data analyzed

This thesis is based on secondary resources, mainly on research studies, conducted on the subject matter. Furthermore, websites and scientific journals are reviewed to gain more insights. Scholars who research in the field of CSR used a great variety of different methodological

⁷ Australia, Brazil, Canada, China, France, Germany, India, Italy, Japan, Mexico, Russia, South Korea, Spain, UK, and US.

approaches, such as case studies (Adams, 2004), experiments (O'Donovan, 2002), interviews (Woodward et al., 2001) or theoretical methods (Parker, 2005) to name a few.

However Milne and Adler argue that (1999), "... the research method that is most commonly used to assess organisations' social and environmental disclosures is content analysis". In course of this thesis, content analysis seems the suitable method as the key source for the analysis is the sustainability report of the respective companies.

In terms of the analysis, special attention will be paid on three relevant CSR dimensions, namely: Corporate Citizenship, Corporate Governance and Workplace. It will be analyzed how CSR activities differ from each other and if they are aligned with the core competencies of the respective companies. Therefore, annual reports will also be reviewed to gain a better understanding about the mission, vision and strategy of each company.

8. Analysis

The analysis part is following a modular approach in order to simplify the reading flow. The first part, company profile, will be introducing the selected companies. However, this part is important as it builds the foundation for the following two chapters (8.2 and 8.3). Chapter 8.2 will be focusing on the respective CSR activities, whereas chapter 8.3 will use information from the previous chapters (8.1 and 8.2) to review if CSR activities of the selected companies match with the respective core competencies and are integrated into the strategies.

8.1 Company profile

In the following the company profiles of Microsoft Corporation, The Walt Disney Company, Google Inc., BMW AG and Daimler AG will be presented

8.1.1 Microsoft Corporation

Microsoft Corporation is an American technology company, headquartered in Redmond, Washington, founded in 1975 by Bill Gates and Paul Allen. The original name "Micro-Soft", was put together of "microcomputer" and "software" (CrunchBase). Microsoft develops, manufactures, licenses and supports a range of different software products for computing as

well as mobile devices. Today the company employs 117,354 people worldwide (as of July 21st, 2015), with the majority (51 percent) based in the United States. The majority of the employees (47%) are allocated in engineering, followed by the Sales & Marketing Support Group (46.6%), Finance, HR & Legal (4.3%) and Business Functions (2.1%) (Microsoft). On the 2013 Interbrand Best Global Brand Ranking Microsoft is ranked 5th and on the 2013 CSR RepTrack table taking the pole position.

Ownership structure and key financials:

Microsoft has 2058 institutions holding shares, with 71 percent held by Institutional and Mutual Fund Owners (Yahoo Finance). The top five institutional holders are Vanguard Group, Capital World Investors, State Street Corporation, BlackRock Institutional Trust Company and FMR (Table 2).

Holder	Shares	% Out	Value*	Reported
Vanguard Group, Inc. (The)	464,448,862	5.74	18,884,490,728	Mar 31, 2015
Capital World Investors	356,476,260	4.41	14,494,324,731	Mar 31, 2015
State Street Corporation	334,752,074	4.14	13,611,019,328	Mar 31, 2015
BlackRock Institutional Trust Company, N.A.	219,848,709	2.72	8,939,048,507	Mar 31, 2015
FMR, LLC	168,431,075	2.08	6,848,407,509	Mar 31, 2015

Table 2: Microsoft Top 5 Institutional Holders (Source: NASDAQ)

Taking a look on the major direct holders, it becomes obvious that all are somehow connected to Microsoft: Steven Ballmer (Former Microsoft CEO) is leading the table followed by Bill Gates (Founder), Nadella Satya (CEO), Kevin Turner (COO) and Mason Morfit (Member of the Board of Directors) (Yahoo Finance).

In 2014, Microsoft generated \$86,833bn in revenues, an increase of 38.96 percent compared to 2010 and an increase of 11.54 percent compared to the previous year (Microsoft).

The operating income in 2014 was \$27,759bn compared to \$24,098bn in 2010 (+15.19%) and \$26,764bn in 2014 (+3.72%).

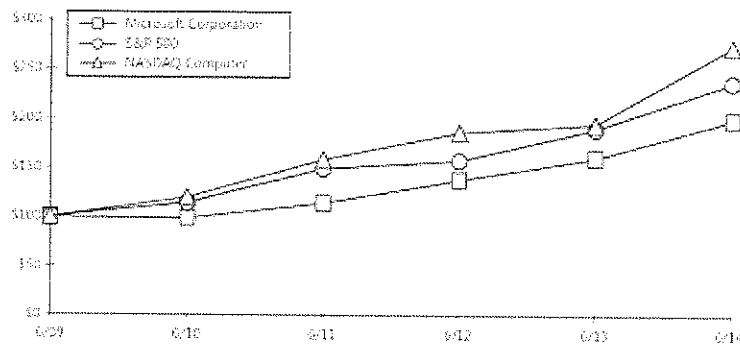


Figure 6: Microsoft total return performance compared to S&P 500 and NASDAQ (Source: Yahoo Finance)

Comparing a five year cumulative total return of Microsoft, the S&P 500 Index, and the NASDAQ Computer Index, Microsoft performed less strong (Figure 6). Nevertheless, the net revenue in 2014 grew by 12 percent compared to the previous year, whereas the net income increased by one percent (Microsoft).

On September 16, 2013, Microsoft's Board of Directors approved a share repurchase program, thus authorizing up to \$40.0bn in share repurchases (Microsoft).

Management structure:

Microsoft differentiates between senior leaders, which are heading the different internal departments and day-to-day operations, and board of directors. Microsoft's senior leader group consist of 12 Executives (e.g. CEO, CFO, COO, CMO) with 25 percent being female. CSR and corporate citizenship topics are within the responsibility of Brad Smith, who is the Executive Vice President and General Counsel, Legal and Corporate Affairs. Microsoft Board of Directors consist of 10 senior executives including the founder and technology advisor Bill Gates and the current CEO Satya Nadella. The board of directors is headed by the Chairman John W. Thompson since February 4th, 2014. He is the CEO of privately held Virtual Instruments and previously the former chairman and CEO of the American technology company Symantec Corp.

Business activities and key competitors:

Microsoft is basically focusing on two business activities: (1) Devices and Consumer (D&C) and (2) Commercial. The D&C segments of Microsoft consist of D&C Licensing, Computing and Gaming Hardware, Phone Hardware and D&C Others, whereas the Commercial segment is composed of the Commercial Licensing and Commercial Other segments.

D&C Licensing: The major products are the operating system “Windows”, the Microsoft Office software and Windows Phone operating system.

Competitors: Major competitors for Microsoft’s operating systems are Apple (e.g. iOS) and Google (e.g. Android) but also numerous web-based competitors, and local application developers in Asia and Europe.

Computing and Gaming Hardware: The major products here are Xbox gaming and entertainment consoles and accessories, but also third-party game royalties and Xbox Live subscriptions. Furthermore, Microsoft offers Tablet hardware, the Surface model.

Competitors: The Xbox is mainly competing with Sony’s PlayStation and Nintendo. The Surface series is facing competition from compute, tablet and hardware manufacturers, such as Apple, Samsung and Sony.

Phone hardware: Main products are the Lumia Smartphones and other non-Lumia phones.

Competitors: Primarily Samsung and Apple but also all other smartphone retailer.

D&C Other: Major products are the Windows Store, Xbox Live transactions and the Windows Phone Store, search advertising, Office 365.

Competitors: Amazon, Apple and Google.

It gets obvious that in the D&C segments Apple and Google remain Microsoft’s biggest competitors.

Commercial Licensing: Principal products and services are server products (e.g. Windows Server), Microsoft SQL Server, Visual Studio, System Center, and related Client Access Licenses. Furthermore, other popular products falling under the “Commercial Licensing” segment are Share Point, Lync and Skype.

Competitors: The main competitors are Hewlett Packard, IBM, Oracle, Adobe, Salesforce, SAP, Linux and MySQL.

Commercial Other: Main products are Enterprise Services, including Premier product support services and Microsoft Consulting Services; Commercial Cloud, comprising Office 365 Commercial, other Microsoft Office online offerings, Dynamics CRM Online, and Microsoft Azure.

Competitors: Main competitors are Amazon, Google, IBM, Oracle, Salesforce and VMware.

Company strategy and core competencies:

Under former CEO Steve Ballmer, Microsoft was focusing on ‘devices and services’ (Information Week). Since Satya Nadella took over, Microsoft’s strategy changed and shifted to ‘Mobile First, Cloud First’. In simple terms, it means that Microsoft drives all users to their cloud-based platforms by introducing mobile apps that can be used on popular platforms. Thus, using Microsoft solutions get detached from hardware and users can use Microsoft Cloud solution even on Android or Apple devices.

On the website Microsoft is formulating the strategy the following:

“Build best-in-class platforms and productivity services for a mobile-first, cloud-first world”

Microsoft’s core competencies are in developing software (e.g. Windows and Office) and enterprise services (e.g. cloud computing), allowing and supporting people to be more efficient and productive in their individual work as well as personal lives.

Mission statement:

Microsoft's mission is to "... enable people and businesses throughout the world to realize their full potential by creating technology that transforms the way people work, play, and communicate." (Microsoft).

8.1.2 The Walt Disney Company

The Walt Disney Company is a leading diversified American family entertainment and media company headquartered at the Walt Disney Studios at Burbank, US. The company was founded in 1923 in Los Angeles by Walt Disney and his older brother Roy O. Disney at the Disney Brothers Cartoon Studio. Currently, The Walt Disney Company employs 180,000 people globally. On the 2013 Interbrand Best Global Brand Ranking, Disney is ranked 14th and taking second place on the 2013 CSR RepTrack table.

Ownership structure and key financials:

The Walt Disney Company has 1077 institutional holders (65%) and the top five institutional holders are Vanguard Group, State Street Corporation, FMR, BlackRock Institutional Trust Company and State Farm Mutual Automobile Insurance Company (Table 3) (NASDAQ).

Holder	Shares	% Out	Value*	Reported
Vanguard Group, Inc. (The)	85,600,135	5.04	8,978,598,074	Mar 31, 2015
State Street Corporation	68,414,465	4.03	7,175,993,165	Mar 31, 2015
FMR, LLC	47,452,927	2.8	4,977,337,465	Mar 31, 2015
BlackRock Institutional Trust Company, N.A.	42,782,196	2.52	4,487,424,495	Mar 31, 2015
State Farm Mutual Automobile Insurance Co	42,206,018	2.49	4,426,989,185	Mar 31, 2015

Table 3: Disney Top 5 Institutional Holders (Source: NASDAQ)

Major direct holders of Walt Disney, same as with Microsoft, are affiliated to the company, such as Bob Iger (CEO), Thomas O. Staggs (COO), Alan N. Braverman (Senior Executive VP), Christine McCarthy (CFO) and James Rasulo (Former CFO) (Yahoo Finance).

In 2014, Walt Disney generated \$48,813 bn in revenues which is an increase of 28.24 percent compared to 2010 and an increase of 8.37 percent compared to the previous year (Disney).

The operating income in 2014 was \$7.321bn compared to \$6.818bn in 2013 (+7%) (Disney).

Management structure:

The Walt Disney Company Board of Directors consists of 10 senior Executives, 25 percent being female, including Executives from industry leaders such as Facebook's COO Sheryl Sandberg. 50 percent of the directors are in their position for at least 10 years, showing continuity and long-term orientation. The management team consists of 15 people either responsible on a Corporate level for The Walt Disney Company or on a Business Unit Level, e.g. Walt Disney Parks and Resorts or Walt Disney Studios. The CSR activities are bundled under Zenia Mucha, who is the Executive Vice President and Communications Officer on a corporate level.

Business activities and key competitors:

The Walt Disney Company is focusing on five business segments: (1) media networks, (2) parks and resorts, (3) studio entertainment, (4) consumer products and (5) interactive media. Those business segments are a reflection of the diversified structure of the company. Therefore it faces different competitors in different segments but overall competes with the main media conglomerates, such as Viacom Inc., Time Warner Inc., Twenty-First Century Fox, CBS and Comcast.

Media networks:

The company's media network consists of the Disney/ ABC Television Group, the ABC Television Network, ABC Family, Disney Channels Worldwide and ESPN and is the largest of the five segments.

Competitors: In this segment Disney is competing with other television and cable networks as well as television stations, video games and the Internet in general (Market Realist).

Parks and resorts:

The theme parks and resorts of The Walt Disney Company are famous all over the world and after the media networks, parks and resorts are the second largest revenue producer. Under the

umbrella of this business segments falls the Disneyland Resort (the original theme park, opening in 1955) in Anaheim, California, Walt Disney World in Lake Buena Vista in Florida, Tokyo Disneyland, and Disneyland Paris, to name few.

Competitors: The company generally competes with tourism and recreational activities and other theme park segments like Six Flags Entertainment, Cedar Flair and the Universal Studios.

Studio entertainment:

Disney's studio entertainment segment bundles some of the most famous production companies, e.g. the Walt Disney Studios and Motion Pictures, producing major blockbusters like 'Pirates of the Caribbean'. The Disney Theatrical Group, producing theatre plays like 'The Lion King' or 'The Little Mermaid' is also very well know. Furthermore, Disney own the animated film production company Pixar, best known for the movies 'Toy Story' and 'The Incredible', both being huge commercial success stories. Additional very popular production companies are Marvel and Touchstone.

Competitors: Major competitors are the studios owned by Time Warner, Sony, Twenty-First Century Fox and Viacom.

Consumer Products:

Disney Consumer Products (DCP) delivers innovative product experiences across thousands of categories from toys and apparel to books and fine art (Disney). Disney Publishing Worldwide (DPW) is the world's largest publisher of children's books and magazines with over 700 million products sold each year, consisting of an extensive worldwide licensing structure as well as vertically integrated publishing imprints (Disney). The business segment is completed by the Disney Store retail chain selling retail merchandising of Disney Consumer Products.

Competitors: Main competitors are other licensors, publishers and retailers of brand and celebrity names.

Disney Interactive:

This segment oversees various websites and interactive media owned by the company and its subsidiaries all around the world (Disney). Among others, it includes mobile, social and console games for blockbuster productions as well as the Disney.com and the Moms and Family network websites.

Competitors: Electronic Arts, Activision Blizzard and Warner Bros. Interactive Entertainment.

Company strategy and core competencies:

The company's strategy can best be described and explained by a statement of Disney's former CFO Jay Rasulo in September 2014: "Ten years ago we were more like other media companies, more broad-based, big movie slate, 20 something pictures, some franchise, some not franchise. If you look at our slate strategy now, our television strategy, almost every aspect of the company, we are oriented around brands and franchises." (Cartoon Brew). The Walt Disney Company strives for franchises because it establishes a profitable business circle: movies such as Disney's Pirates of the Caribbean drive merchandise sales and theme park visits, thus leading to an increased interest in sequels and spin-off (Cartoon Brew). The company's core competencies are clearly in content creation, storytelling, animation and designing shows.

Mission and Vision statement

"The mission of The Walt Disney Company is to be one of the world's leading producers and providers of entertainment and information. Using our portfolio of brands to differentiate our content, services and consumer products, we seek to develop the most creative, innovative and profitable entertainment experiences and related products in the world." (Disney).

8.1.3 Google Inc.

Google Inc. (Google), is an American technology company headquartered in Mountain View, California, founded by Sergey Brin and Lawrence Page in 1998. In the naming process of the search engine, the founders were inspired by the word "googol" which is the mathematical term

for 1 followed by 100 zeros (Google). The main focus of Google lies in the areas search, advertising, operating systems, platforms, enterprise and hardware products (CNN money). Google employs 53,600 people in more than 70 offices and 40 countries around the world (Google). On the 2013 Interbrand's Best Global Brand Ranking Google is ranked 2nd and taking 3rd place in the 2013 CSR RepTrack table.

Ownership structure and key financials:

Google has 1059 institutional holders (64.44%) and the top five institutional holders are FMR, Vanguard Group, State Street Corporation, Price (T. Rowe) Associates Inc. and BlackRock Institutional Trust Company (Table 4) (NASDAQ).

Holder	Shares	% Out	Value*	Reported
FMR, LLC	17,037,293	4.99	9,336,478,612	Mar 31, 2015
Vanguard Group, Inc. (The)	16,135,755	4.72	8,842,433,563	Mar 31, 2015
State Street Corporation	11,557,789	3.38	6,333,696,896	Mar 31, 2015
Price (T.Rowe) Associates Inc	10,286,260	3.01	5,636,895,866	Mar 31, 2015
BlackRock Institutional Trust Company, N.A.	7,512,595	2.2	4,116,920,601	Mar 31, 2015

Table 4: Google Top 5 Institutional Holders (Source: NASDAQ)

Major direct holders as already seen with Microsoft and The Walt Disney Company, are affiliated to the company, such as Sergey Brin (Co-founder), John Doerr (Member of the Board of Directors), Eric Schmidt (Chairman), Ruth Porat (CFO) and Omid Kordestani (Chief Business Officer) (Yahoo Finance). In 2014, Google generated \$66,001bn in revenues, an increase of 18.89 percent compared to the previous year (Google). The operating income in 2014 was \$14.444bn compared to \$12.920bn in 2013 (+11.79%) (Google).

Management structure:

Google differentiates between Executive Officers, Senior Leadership and Board of Directors. The Executive Officers consist of the current CEO and Co-founder Larry Page, responsible for the day-to-day operations as well as product development and technology strategy, while the other Co-Founder Sergey Brin is taking care of special products (Google). Additional members

are Eric Schmidt (Executive Chairman), David Drummon (Chief Legal Officer), Omid Kordestani (Chief Business Officer) and Ruth M. Porat (CFO).

Below the Executive Officer level, Google employs 13 senior leaders, responsible for specific product or business lines, e.g. YouTube or People Operations. It is conspicuous, that Google's senior management team, Executive Directors (Female: 16.67%) and Senior Leadership (Female: 15.38%), is male dominated.

Last but not least the Board of Directors consist of 11 senior Executives, including the former CEO of Intel Corporation and former CEO of the Ford Motor Company (Google). The CSR or corporate citizenship is not located within the responsibility of any Executive Officer or senior leader.

Business activities and key competitors:

In 2014, Google's ad revenue accounted for 89.5 percent of the company's total revenues (Statista). Google's search engine is dominating the market (market share: around 70 %) and the undisputed industry leader. Behind the search technology hides a highly sophisticated algorithm that determines the individual search positioning. Google's most important advertising services, which are driving the revenue stream, are Google AdWords in combination with AdSense.

AdWords:

Through Google AdWords, companies are able to display their ads on Google and advertising networks. They can set a certain advertising budget and only pay when users click on the respective ads. Companies can create ads by using certain keywords which are generally used when people search the web using the Google's search engine. Each of the keywords then again has a cost-per-click bid amount and the higher the bid is, the higher the ad will show on the webpage. The reason why AdWords is a powerful tool for Google is because of its integration

in almost all of the proprietary websites, e.g. YouTube, Gmail or Google Maps which are used by hundreds of millions of user daily.

AdSense:

Google AdSense can be considered as the distributor for the ads being sold by Google AdWords to individual websites. Afterwards, Google "...pays web publishers for the ads displayed on their site based on user clicks on ads or on ad impressions, depending on the type of ad." (Google). Google's biggest competitors differ, depending on the product category. For search engine traffic, Google considers Amazon the biggest competitor and not MNEs as Microsoft with Bing or Yahoo (Geek Wire). However, Yahoo, AOL and Microsoft can be added to the competitor list when it comes to search engines. The main competitor in Google's web ad business would be Facebook as, similar to Google, possesses lots of individual consumer data. In other revenue segments, Google also competes with database and technology companies such as Oracle, Cisco Systems, PTC and Intel (Investopedia).

Company strategy and core competencies:

Google's company strategy can be described with the following three catchwords: (1) "Earn, (2) "Entice & Defend" and (3) "Experiment" (Forbes). "Earn" refers to Google's revenue stream coming from advertising (see AdWords and AdSense). "Entice & Defend" is about Google's adamant focus on innovation and introduction of free or cheap tools making the live of individuals easier (Forbes). This of course feeds directly into "Earn" as the goal is to create the biggest possible market for its ad business, thus protect Google from main competitors in the ad business, e.g. Facebook, Netflix, and Twitter (Forbes).

"Experiment" describes Google's DNA. The company implemented a company culture of error tolerance where employees are motivated to experiment and work on special projects. This has developed to the extent that employees are encouraged to use 20 percent of their working time to work on anything they like (Forbes).

Generally, Google's core competencies are in the field of software engineering (incl. its highly sophisticated algorithm design) and with that selling search information to advertisers (Edelman and Eisenmann, 2011).

Mission statement:

"Google's mission is to organize the world's information and make it universally accessible and useful." (Google).

8.1.4 BMW AG

BMW is a German car manufacturer founded in Munich in 1916, where it is also headquartered today. Its Bavarian heritage is also reflected in its name BMW, which stands for "Bayerische Motoren Werke" meaning Bavarian Motor Works in German. Today, the company is one of the world's ten largest car manufacturers and through its premium brands BMW, Mini and Rolls-Royce, maintaining a strong presence in key markets across the world (BMW). As of end of 2014, the BMW Group's worldwide workforce had grown to a total of 116,324 employees, an increase of 5.4 percent compared to the previous year (BMW). The company currently operates 30 manufacturing facilities in 14 countries and has additional 33 sales subsidiaries outside Germany (BMW). On the 2013 Interbrand Best Global Brand Ranking BMW is ranked 12th and on the 2013 CSR RepTrack table ranked 4th.

Ownership structure and key financials:

The ownership structure of BMW is very much linked to the German founder family Quandt. Therefore it is no surprise that Quandt family members Stefan Quandt (17.4%), Johanna Quandt (16.7%) and Susanne Klatten (12.6%) together hold a substantial amount of the share capital (46.7%), and consequently the biggest individual investors (BMW). The remaining shares (53.3%) are public float with 39.3 percent being institutional investors, 46.7 percent strategic investors and 14.0 percent others (BMW). Only 3.7 percent of the institutional investors are from Germany, whereas 12.9 percent are from North America and 11.8 percent from continental

Europe (excluding Germany) (BMW). In 2014, BMW generated €80.40bn in revenues, an increase of 5.7 percent compared to the previous year (BMW). The financial results end of 2014 marked the fifth record year in a row (BMW).

Management structure:

The top management team of BMW, the board of management, is headed by the CEO Harald Krüger, who was appointed in May 2015 following Norbert Reithofer (2006 – 2015) who transferred to the chairmanship of the company's Supervisory Board.

Currently, the board of management consists of eight Executives. The only female board member is Milagros Caiña Carreiro-Andree who is heading the Human Resources and Labour Relations department. It is remarkable that all of the board members, except for the CFO, are in their current position for less than 4 years. However, BMW's succession planning process for top management position is considered to be the benchmark in Germany. CSR is not assigned to a certain board member. Nevertheless, CSR is under the responsibility of the predecessor of Norbert Reithofer and former Chairman of the Supervisor Board Professor Joachim Milberg (BMW). The Supervisory Board, who oversees the activities of the board of management, consists of 20 members including two members of the Quandt family (Stefan Quandt, Deputy Chairman of the Supervisory Board, and Susanne Klatten).

Business activities and key competitors:

BMW is organized around three key segments: Automobiles, Motorcycles and Financial Services.

Automobiles:

The Automotive segment is dealing with the development, manufacture, assembly and sale of cars and off-road vehicles (BMW). BMW sells its cars under three powerful brands: BMW, MINI and Rolls Royce. All three brands are contributing to the positive sales and revenue development of the company. In 2014, BMW sales increased 9.5 percent compared to the

previous year and Rolls-Royce Motor Cars sales increased even double-digit (11.9%). Sales numbers for the MINI brand slightly decreased (-0.9%) but with 302,183 units sold still remains at a high level, as 2013 was the highest level of MINI cars sold (BMW). With the “i series”, BMW is also focusing on visionary electric vehicles and already launched the i3 and i8 model and further invests in sustainable and visionary concepts for mobility.

Major competitors: Daimler, Audi, Porsche, Bentley, Toyota and Volkswagen

Motorcycles:

Similar to the automobile segment, the motorcycle segment is engaging in the development, manufacture assembly and sale of BMW brand motorcycles as well as spare parts and accessories (Bloomberg). In 2014, BMW sold 123,495 motorcycles worldwide, an increase of 7.2 percent compared to the previous year and proudly stated that it grew faster than the overall market (BMW). Overall the motorcycles segment has only a marginal effect on the company's financial results.

Major competitors: Yamaha, Honda, Kawasaki, Ducati, Indian and Caterham

Financial Services:

BMW, as many other automobile companies, has its own financial services business segment, specialized in leasing, loan finance and insurance solutions for private customers and dealers (BMW). 2014 was a record year for the segment and according to BMW 4,359,572 lease and credit financing contracts with private customers and dealers have been in place, an increase of 5.6 percent compared to the previous year. The segment is reflected in the balance sheet with 96,390 million Euro, an increase of 14.3 percent compared to 2013.

Main competitors: All financial service providers which offer similar solutions

Company strategy and core competencies:

According to its Strategy “Number ONE”, BMW is following two targets:

1. “to be profitable”
2. “to enhance long-term value in times of change”

The company has four strategy pillars: ‘Growth’, ‘Shaping the Future’ ‘Profitability and ‘Access to Technologies and Customers’ (BMW).

For BMW ‘Growth’ has to be achieved within its core business, through identifying new potential along the vehicle life-cycle and in its value chain (BMW). BMW is aiming to grow organically, by expanding its product portfolio as well as introducing new market strategies to existing and new markets (BMW).

‘Shaping the future’ is about developing and introducing sustainable, but still efficient, high-performance vehicles (BMW). BMW hopes to contribute to the fight against climate change and CO₂ emission while creating a competitive advantage to other car makers.

‘Profitability’ in BMW terms means “more output from less input” which is the company’s idea behind Efficient Dynamics and describes cost reductions and increased efficiency (BMW).

Last but not least, ‘Access to Technologies and Customers’ is about an effective and profitable cooperation with development partners and suppliers which ultimately will help to derive key technologies (BMW). BMW’s core competencies lie in the field of engineering (e.g. combustion engines and electric car solutions), its highly efficient manufacturing/ operating processes and a competence called agility (Blazey, 2013). For example offers BMW customers the option to change features on the car online, up to six days before production starts (Blazey, 2013).

Mission and Vision statement:

“The BMW Group is the world’s leading provider of premium products and premium services for individual mobility.” (BMW).

8.1.5 Daimler AG

Daimler AG, is a German automotive company, headquarters in Stuttgart, Germany. The company has been making automobiles for the last 130 years. Today, Daimler is developing, producing and distributing cars, trucks and vans and employs 279,972 people worldwide (as of end of 2014), with the large majority (73.2%) based in Europe, followed by North America incl. Mexico (11.04%). On the 2013 Interbrand Best Global Brand Ranking 2013, Daimler is ranked 11th and taking 5th place in the 2013 CSR RepTrack table.

Ownership structure and key financials:

The ownership structure of Daimler AG consists of 4 major groups: institutional investors (74.8%), private investors (15.3%), the country Kuwait (6.8%) and Renault/Nissan (3.1%, 1.54% each respectively) (Daimler). Most of the investors are based in Germany (31%) and Europe, excluding Germany, (30.9%), closely followed by the US (26.1%).

In 2014, Daimler generated €129,872bn in revenues, an increase of 10 percent compared to the previous year (Daimler).

Management structure:

The top management team of Daimler AG, the board of management, is headed since 1998 by Dr. Dieter Zetsche (CEO) and consists in total of eight people. CSR is under the responsibility of the Head of Integrity and Legal, Dr. Christine Hohmann-Dennhardt, who is also heading the Legal Department, Compliance Organization as well as Corporate Data Protection. Furthermore, she looks over human rights as well as the corporate culture and Integrity Management. The Supervisory Board, consists of 17 members including nine employee representatives (Daimler).

Business activities and key competitors:

Daimler is built around five key business units: Mercedes-Benz Cars, Daimler Trucks, Mercedes-Benz Vans, Daimler Buses and Daimler Financial Services (Daimler).

Mercedes-Benz Cars:

The product portfolio of this business unit goes from high-quality small cars to innovative-bikes of the smart brand to the premium automobiles of the Mercedes-Benz brand, such as the E-Class, S-Class, GLA compact SUV or sub-brands like AMG (Daimler). 2014 was a record year for the business unit with unit sales (+ 10%), revenues (+14%) and earnings (+46%) increasing significantly compared to 2013 (Daimler).

Main competitors: BMW and Audi.

Daimler Trucks:

“Daimler Trucks is the biggest globally active manufacturer of trucks above 6 metric tons gross weight” (Daimler). One of the key projects of this business unit is the autonomously driving Mercedes-Benz Future Truck 2025 (Daimler). The core strategy of Daimler Trucks is around technology leadership, global presence and intelligent platforms. (Daimler)

Main competitors: Navistar International, Paccar Inc. and AB Volvo.

Mercedes-Benz Vans:

Daimler offers solution for the medium- and heavy duty van segment, such as the Sprinter or Vito (Daimler). 2014 was a successful year for Mercedes-Benz Vans. In fact, the business unit set a new record for unit sales (294,000) in its core regions Western Europe and the U.S. (Daimler). In the future, Mercedes-Benz Vans wants to further expand globally and use its international coverage for future growth (Daimler).

Main competitors: Ford and Nissan.

Daimler Buses:

In the segment for buses above 8 metric tons, Mercedes Benz is the market leader offering city and intercity buses, coaches and bus chassis (Daimler). Daimler Buses are the market leader in Western Europe and Latin America and focus on innovative and environmentally responsible products (Daimler).

Main competitors: MAN, VDL, Solaris and Van Hool.

Daimler Financial Services:

The business unit is offering a broad range of automobile-related financial services, e.g. leasing, retail financing or insurance solutions, to name a few (Daimler). In 2014, Daimler Financial Services achieved a record year based on the number of cars and commercial vehicles financed or leased (3.3 million) (Daimler). Furthermore, Daimler Financial Services is also responsible for the car-sharing business model car2go which is very popular in the home market Germany.

Main competitors: All financial service providers offering similar solutions.

Company strategy and core competencies:

Daimler is very proud of its history, heritage and image of being the inventor of the automobiles. They want to continue to playing a pioneering role in mobility and thereby focusing on safety and sustainability (Daimler). Daimler strives to take the leadership position with “green” technologies and also develops new forms of mobility concepts and services, as started with the car2go car sharing platform. One of the company’s core competencies are its superior engineering capabilities and its more than 130 years of experience in manufacturing related topics connected to comfort and security.

Mission and Vision statement:

Daimler is not stating a clear mission and/ or vision statement on their website or annual report.

8.2 CSR activities

In the following, CSR activities of the companies portrayed in the previous chapter (8.1), will be reviewed. The respective 2013 CSR reports will be the basis of the analysis. The theoretical concepts of Carroll (1991) and Kotler and Lee (2005) (see 3.1) will be used helping to classify the respective CSR initiatives/ activities. At this point it is noteworthy, that the thesis does not claim to discuss/ analyze all CSR activities of the respective companies since

this would go beyond the scope of this study. Instead selected initiatives/ activities will be used to provide the main idea of the individual CSR practices.

8.2.1 Microsoft Corporation

Microsoft's CSR activities are focusing on two main themes: (1) Serving Communities and (2) Working Responsible. These are two very broad themes but when taking a closer look at the different initiatives and activities that lie behind, it gets apparent, that Microsoft is touching lots of different areas discussed in previous chapters (see 2.3.1, 2.3.2, 2.3.3 and 3.1). Overall does Microsoft address and engage its seven main stakeholders (Figure 7) in its CSR strategy.



Figure 7: Microsoft stakeholder (Source: Microsoft)

Serving communities:

Microsoft's understanding of 'serving communities' is what people usually think of when hearing corporate citizenship, which is the fourth pillar of the corporate citizenship management framework (see 2.3.1). Generally, through 'Serving Communities', Microsoft aims to "... create a better future for young people and fostering healthier, more vibrant communities worldwide" (Microsoft CSR report 2013).

Under the term 'serving communities' are five different initiatives with multiple activities subsumed:

- (1) Microsoft YouthSpark
- (2) Technology for Good
- (3) Employee giving

- (4) Humanitarian response
- (5) Accessibility

With **Microsoft YouthSpark**, the company wants to create awareness in young people to realize their individual potential by exposing them to education, employment and entrepreneurship (Microsoft CSR report 2013). One activity is called '*Empowering youth through technology and education*'. Microsoft provides access to technology (e.g. software such as Office 365 or Skype) and relevant skills to approximately two million students' worldwide (Microsoft CSR report 2013). Furthermore does Microsoft also address teacher and provide exposure to technology (software and training), leading to an improvement in computer science education. More than 788,000 educators from 134 countries reached 19 million students so far (Microsoft CSR report 2013). According to Kotler and Lee (2005), '*Empowering youth through technology and education*' would be kind of a hybrid between 'cause promotion' and 'corporate philanthropy'. On the one hand, the activities are dealing with a society benefit in a broad way (education for kids), and by that making it a 'cause promotion', on the other hand Microsoft donates products (e.g. software) which classifies it as 'corporate philanthropy'.

'Helping youth realize their potential' is another initiatives under the YouthSpark umbrella, providing work experience opportunities and encouraging entrepreneurship. Microsoft launched a micro-giving website, providing a platform, to donate money for young people to continue to work on individual projects and additionally support them in their entrepreneurial spirit. So far, more than \$1.4 million have been raised, supporting over 600 projects. Additionally, Microsoft provides software, support and mentorship opportunities to 30,000 startups, subsequently leading to job opportunities in over 100 countries.

Through the '*Students to Business*' program, Microsoft connects students in technological oriented studies with internship and employment opportunities. The company provides a platform on which students can connect with their peers, as well as with faculty and industry experts. The idea behind is that students gain valuable work experience leading to a stronger

marketability upon graduation. According to Lee and Kotler (2005), 'Helping youth realize their potential' can be classified as 'corporate social marketing. While it is a broad goal, it is specific enough to be classified as 'corporate social marketing' due to the fact that it is encouraging entrepreneurship mostly in technical oriented startups and also provides work experience opportunities which is a specific social cause.

'Technology for good' is the second pillar in Microsoft's 'serving communities' theme. This initiative is mainly dealing with donating software and services to nonprofits around the world, as well as providing hardware to schools and libraries. In 2013, Microsoft donated software with a fair market value (FMV)⁸ of \$795 million to more than 70,000 nonprofits around the world, with the majority, money wise and nonprofits reached, being donated in North America (52.9% and approximately 28%), followed by Europe (23.4% and approximately 27.8%) (2013 Microsoft CSR Report). By delivering NGO Connection Days, Microsoft is supporting knowledge sharing and delivers training of how different software programs (e.g. Office 2013, OneNote or Windows 8) can be utilized to increase efficiency and effectiveness in daily work. So far 3,652 NGOs have been trained (2013 Microsoft CSR Report). Through concrete and tangible examples, Microsoft is trying to make it easier for the reader to understand the idea behind it. One example is the HelpBridge mobile app. The app provides a way to connect to friends and family during disasters in a much easier way and helps people to find disaster relief organizations that are in need of financial and volunteer support (2013 Microsoft CSR Report). As most of the activities are about donating either products, services or training, 'Technology for good' can be classified as corporate philanthropy according to Kotler and Lee (2005).

The third pillar of the 'serving communities' theme is the **'employee giving'** program. The title is self-explaining and it is about employees' volunteering time and/ or donating money or software. Microsoft established a powerful volunteering and donating culture, evidenced by the

⁸ FMV definition "A price at which buyers and sellers with a reasonable knowledge of pertinent facts and not acting under any compulsion are willing to do business" (Merriam Webster Dictionary).

fact that within the past 30 years, Microsoft and its employees made \$1 billion in total contributions and \$100.9 million in 2013 alone (2013 Microsoft CSR Report). The company is supporting its employees and matches employees' money investment up to \$12,000. In 2013, 10.8 percent of the U.S. workforce volunteered, compared to 8.9 percent in 2012. Of the \$100.9 million donated in 2013, employees accounted for \$47.7 million while Microsoft added additional \$53.2 million.

Additionally 430,000 volunteer hours have been contributed by its employees in the same year (2013 Microsoft CSR Report). The 'employee giving' program can therefore, according to Kotler and Lee (2005), be classified as 'community volunteering'. Microsoft is motivating and engaging its employees to volunteer and provides the underlining process and internal policies. Another initiative is called '**Humanitarian Response**' and is about providing technology support for disaster management, e.g. Hurricane Sandy, helping organizations in maintaining the information flow during emergencies. Microsoft is using the example of Hurricane Sandy which severely hit the U.S in late 2012 and disrupted electricity supply. Microsoft supported the coordination and communication efforts between different emergency agencies by providing a cloud-based information portal using Windows Azure. Cloud-based maps helped to show the degree of destruction in real time leading to a more coordinated disaster management approach. Furthermore, it helped to distribute information to victims (e.g. shelters) using social media channels.

Humanitarian Response can be classified as 'corporate social marketing' but related to certain events, in the case of hurricane Sandy a natural disaster. The social cause is clearly defined, support in disaster management, supporting the community as a whole.

The last initiative '**Accessibility**' wants to contribute to a more inclusive society in which individuals, despite of age or disabilities, are able to use technology to connect and engage with others. Microsoft is trying to find ways to make their products more suitable and accessible for people with disabilities. For example a set of Microsoft Office templates which can be used by

children diagnosed with autism and additionally providing free of charge assistance to customers with disability needing support with certain features and technologies. Similar efforts are undertaken for seniors. Microsoft is working on programs to help seniors getting comfortable in the use of technologies, thus helping to reduce social isolation and improving quality of life for seniors.

Generally, 'Accessibility', for similar reasons as mentioned before, can be classified as 'corporate social marketing'.

The second big theme in addition to 'serving communities' is '**Working Responsibly**', also encompassing five different initiatives each with further activities:

- (1) Our People
- (2) Environmental Sustainability
- (3) Human Rights
- (4) Responsible Sourcing
- (5) Governance

The 'Working Responsibly' theme is similar to the academic concept of corporate citizenship. In fact, Microsoft's approach is similar to the corporate citizenship management framework of the Boston College Center for Corporate Citizenship (see 2.3.1).

But let's tackle one thing at a time. As its name would suggest the '**Our People**' initiative is about Microsoft's employees and creating a working environment in which people can strive and bring out their talents. Workplace related topics are also one of the three CSR dimensions discussed earlier (see 2.3 and 2.3.3). However, for this initiative Kotler's and Lee's model, does not make much sense in the context of 'Our People'. Therefore, Baumann's and Sitka's (2012) ideas are used to bridge the gap between theory and practice.

Microsoft is addressing several areas, such as compensation and benefits, diversity and inclusion and health and safety. Through 'Compensation and Benefits', Microsoft is trying to

respond to employees' need for security and safety and the desire to avoid exploitation (see 2.3.3). Fair compensation and attractive benefits (e.g. retirement plans, health insurance, bonus, fitness and sports offerings) signal current and prospective employees that Microsoft is a fair employer interested in a mutual partnership. As an example, Microsoft opened the Living Well Health Center, a full service health center, providing employees with preventive and acute care, therapy and wellness coaching to name a few (2013 Microsoft CSR Report). All these different activities help to create a reputation as an employer of choice, proved by the fact that Microsoft is named #1 place to work in 14 different countries (2013 Microsoft CSR Report). 'Diversity and inclusion' is another category under 'Working Responsibility' focusing on creating a diverse working force consisting of different nationalities, minorities, not only on specialist but also on management level.

Microsoft managed to increase the proportion of female employees as well as of U.S. minorities (from 27% to 33%) on the board of directors level (2013 Microsoft CSR Report). On the inclusion side, Microsoft established a Global Diversity and Inclusion Leader Commitment in the objective setting for more than 2,300 of its managers. Through this approach it is expected to integrate talent management/ development into the overall business approach and make it a priority in day-to-day activities. By making people development, inclusion and diversity a priority, Microsoft is able to respond to the 'need for esteem' (see 2.3.3) and develops organizational pride and identification among its employees. This is supported by the results of the 2013 employee poll in which 89% of the employees responded that they feel proud to work for Microsoft. Furthermore, does it help to respond to the 'need for meaningful' existence as 94% of the surveyed employees' stated that they think that Microsoft is a good corporate citizen, thus employees contribute to a company that is doing good things.

The next initiative is called **Environmental Sustainability** and for Microsoft it primarily means to make operations carbon neutral and to develop technologies helping to reduce environmental impact. That being said, it seems as Microsoft is aware of the social costs that

their operations cause or in conformity with Post et al (2002), Microsoft undertakes measure to retain their “license to operate” (see 1). Microsoft is following a three-part approach to achieve carbon neutrality “be lean, be green and be accountable”. With “be lean”, Microsoft is trying to become more energy efficient, e.g. in their data centers and office and also in the number of air travel. In their headquarters, Microsoft was able to reduce 12,000 metric ton of CO₂ through server and lab consolidation and is using internal technological capabilities to collect 500 million data transactions daily to identify energy savings potential on their headquarters campus (2013 Microsoft Citizenship report). “Be green” is about using more renewable energy sources, sustainable water use and waste reduction. As an example, Microsoft reduces or recycles 99 percent of the waste from the dining facilities at its headquarters (2013 Microsoft Citizenship report). With “be accountable”, for the first time carbon usage has been integrated into financial decision making. Therefore, Microsoft introduced an internal carbon fee, and every business group is held responsible for their departmental emissions.

The initiatives under ‘Environmental Sustainability’ are very much in line with the corporate citizenship framework of the Boston College, addressing the ‘Products and Services’ pillar as Microsoft is looking into possibilities to increase the eco-friendliness of its operations.

The third initiative under the ‘Working responsibility’ theme is called “**Human Rights**”. Under Human rights, Microsoft summarizes its efforts to helping people in expressing and protecting their human rights.

Microsoft engages itself in numerous activities, such as against anti-human trafficking, online privacy and child online safety, data security, freedom of expression and conflict mineral and labor rights (2013 Microsoft Citizenship report). As an example did Microsoft launched the ‘Microsoft Technology and Human Rights Center’ at the World Economic Forum 2013 Annual Meeting in Davos, Switzerland (2013 Microsoft Citizenship report). All of these activities have

in common, that they use technology as a tool (e.g. Microsoft PhotoDNA⁹) to tackle multitudinous forms of problems. According to Kotler and Lee, those initiatives would fall partly under ‘cause promotions’ and partly under ‘corporate social marketing’ as they support broad as well as specific causes. Broad causes are for example helping to advance public understanding of the human rights impact of information and communication technology (Microsoft). Other activities, however, are more specific, such as online safety.

The penultimate initiative under “Working responsibly” is named ‘**Responsible Sourcing**’ and about Microsoft’s relationship to its suppliers. Microsoft requires from their suppliers, to obey the company’s Supplier Code of Conduct. Therefore, a thorough audit and selection process is in place to make sure that suppliers stick to the code of conduct, which is continuously reviewed (Figure 8).

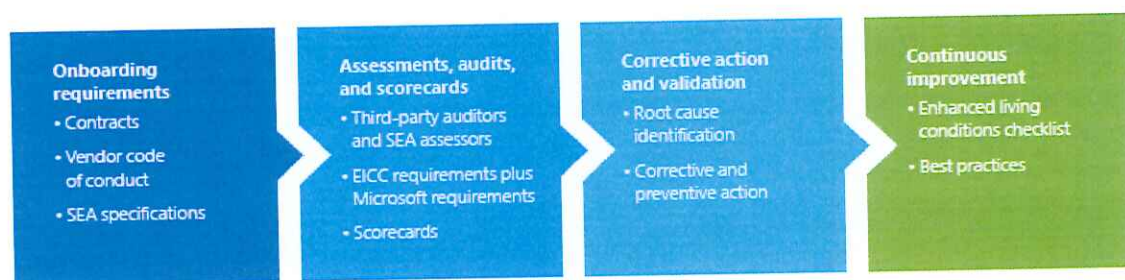


Figure 8: Microsoft supplier selection and engagement process (Source: Microsoft)

Two internal teams are dealing with the company’s supply chain: the Global Procurement Group and the Manufacturing, Supply Chain and Information Services Group. The first oversees the more than 60,000 non-hardware suppliers, whereas the latter is managing the hardware and packaging supply chain (2013 Microsoft Citizenship report).

According to Kotler and Lee, these activities can be classified as ‘socially responsible business practices’ as they are about being an ethical business partner and conducting business based on

⁹ “An image-matching technology used by leading companies, nongovernmental agencies (NGOs), and law enforcement agencies to help stop the redistribution of the worst-known images of child sexual exploitation online.” (2013 Microsoft Citizenship report).

ethical norms. Furthermore, in Carroll's CSR pyramid those activities would be addressing the second highest layer, ethical responsibilities, for the previously mentioned reasons.

Last but not least, "**Governance**" is completing the initiatives under 'Working Responsibility'. Governance is about transparency, integrity and values to name a few (2013 Microsoft Citizenship report). Microsoft aims to pursue a proactive approach in interacting with its stakeholders, e.g. updating investors on developments in their corporate governance framework or the launch of a director interview series, informing shareholder about the background of top management (2013 Microsoft Citizenship report).

Through its public policy engagement, Microsoft aims to enhance shareholder value. For example does Microsoft regularly file reports showing their activities in compliance with regulations and commitment to transparency (2013 Microsoft Citizenship report). The majority of the activities serve to provide evidence that the company is adhering to strict principles and policies and not afraid of transparency. Next to Governance, Microsoft is also stressing the importance of Compliance and of conducting business in accordance with local laws.

Corporate Governance is one of the three CSR dimensions (see 2.3.2) and Microsoft is addressing this part in depth. According to the CSR pyramid, these activities fall under 'economic responsibility' and in majority under 'legal responsibility'.

'Economic responsibility', due to the fact that Microsoft is explicitly mentioning to enhance shareholder value and being compliant with laws and regulations, ultimately helping to prevent penalties and fines, hence protecting the return on its owners' investment.

8.2.2 The Walt Disney Company

Right at the beginning of the report, Disney is giving its stakeholders a concrete idea about their understanding of citizenship by stating the company's citizenship commitment: "Conduct our business and create our products in an ethical manner and promote the happiness and well-being of kids and families by inspiring them to join us in creating a brighter tomorrow." (2013 Disney Citizenship Performance Summary). Generally, Disney has committed itself to 'create

products in an ethical manner'. Their efforts are pointed towards six different areas: (1) Ethical Conduct, (2) Responsible Content, (3) Environmental Stewardship, (4) Civic Engagement, (5) Respectful Workplaces and (6) Responsible Supply Chain. Through its citizenship efforts, Disney is further strengthening the positive impact they can have on kids and families (2013 Disney Citizenship Performance Summary).

That being said, Disney's approach is twofold. The first one is focusing on creating products in an ethical way (see the six different focus areas above), the second is to **'promote happiness and well-being of kids and families through different activities'**. Under the latter theme Disney is concentrating on four areas to make a change and to promote happiness and well-being of kids and families: (1) Live Healthier, (2), Strengthen Communities, (3) Conserve Nature and (4) Think Creatively (2013 Disney Citizenship Performance Summary).

With 'Live Healthier' Disney tries to contribute to create healthier generations, e.g. by offering healthy food in their numerous Parks and Resorts all around the world.

Furthermore, through their 'TRYit' campaign, the company is promoting the use of healthy and nutritious foods by incorporating it in its storylines, shows and well known characters. Additionally, Disney donates money to NGOs, working on improving access to nutritious food. 'Live Healthier' initiatives can be classified as 'corporate social marketing and corporate philanthropy'. Promoting healthy nutrition is a specific social cause, whereas the latter is about using company resources to support a specific cause.

'Strengthen Communities' is about using its well-known characters to teach children and their families about ways to help making a difference and do something positive, e.g. delivering special care packages to kids in hospitals.

One prominent example is the 'Disney VoluntEARS' program. Disney launched the program 30 years ago, dealing with matching employees' skills with specific needs of NGOs, so that employees can contribute to make a change in their local communities.

According to Kotler and Lee (2005), this kind of engagement can be classified as ‘community volunteering’. Disney is promoting and encouraging employees to do community work.

The next initiative is called ‘Conserve Nature’. Here, Disney is making efforts to not only reducing its carbon emissions alone but to protect wildlife and critical ecosystems. To raise awareness, Disney is trying to connect kids and their families to nature and educate them about the importance of diverse ecosystems. Disney tries to establish those touchpoints through their Parks and Resorts as well as through their Disney nature films. In 1995, Disney established the Disney Worldwide Conservation Fund (DWCF), also supporting NGOs in creating opportunities where children can experience nature and provide exposure to wildlife. Some of those activities can be classified as ‘cause promotions’, as they are dealing with a special cause that benefits society in a broad way, e.g. educating the next generation about the importance of a healthy and stable ecosystem and environment.

The last initiative under the ‘happiness and well-being of kids and families’ theme is called ‘Think Creatively’ and is about helping children to think out-of-the box and foster their creativity. So far Disney helped 21,000 kids to develop creative problem-solving and conflict-resolution skills by supporting innovative play programs in 37 low-income schools (2013 Disney Citizenship Performance Summary). These activities can also be classified as ‘cause promotions’ as they benefit society in a broad way.

After presenting one of Disney’s two big CSR themes (and its initiatives/ activities behind it), the focus in the following will be on the other big theme ‘**Act Responsibly**’.

The first initiative under ‘Act Responsibility’ is called ‘Ethical Conduct’ and is about committing to governance policies and practices to achieve long-term shareholder value, to disclose citizenship information in a timely manner (e.g. ongoing updates, through social media, website etc.), encouraging employees to act with integrity and stick to the Standards of Business Conduct (e.g. providing employees with all relevant information to adhere to the laws and conduct business in an integer manner), to integrate citizenship into the day-to-day decision

making of leadership and last but not least to integrate citizenship into the conduct of its employees (2013 Disney Citizenship Performance Summary). The Ethical Conduct is addressing the 'legal' and 'ethical responsibilities' according to Carroll's CSR pyramid as it is mainly about the company's right behavior towards its stakeholders.

The next one, 'Responsible Content' is again closely related to its products and services and about creating age-appropriate and responsible content and entertainment. Additionally, Disney focuses on promoting safety for kids through online security or the launch of strict marketing guidelines (e.g. taking into account children's cognitive and emotional maturity) applying to marketing to children. Other interesting activities are around reflecting cultural diversity and background. In the movie Lone Ranger, Disney deliberately asked for advice by experts in American Indian and Comanche culture (2013 Disney Citizenship Performance Summary). In summary, all of the activities under 'Responsible Content' are addressing the ethical responsibilities according to Carroll's model as it is about fairness, transparency and complying with norms, thus showing a respectful and considerate treatment of its stakeholders (Carroll, 1991).

The third initiative, 'Environmental Stewardship', deals with the company's responsibility towards ecology. Disney is focusing on zero net gas emissions, zero waste and conservation of water. Therefore, Disney invests resources in technology and process improvements and behavioral initiatives. The company is especially targeting its Parks and Resorts across the world. For example, Disney achieved an electricity reduction of 11.9 percent compared to 2006 despite continuous expansions of its activities. All these activities are addressing the 'philanthropic responsibilities' according to Carroll's CSR pyramid as well as the second centerpiece of the corporate citizenship management framework 'products and services' as the focus is on increasing the eco-friendliness of its product and service portfolio.

The fourth initiative 'Civic Engagement' is to promote a culture of giving by using the power of entertainment as well as to engage with its multiple stakeholders on a regular basis (2013

Disney Citizenship Performance Summary). Disney product portfolio consists, among other, of several TV stations (see 8.1.2) and through the ABC Television Group's, several donation rounds have been promoted. One prominent example is "Day of Giving" through which \$18 million have been raised for the American Red Cross to support the impacted areas of Hurricane Sandy (2013 Disney Citizenship Performance Summary). Another example is a \$4 Million in donations for the "V Foundation for Cancer Research" supported by the sports channel ESPN (2013 Disney Citizenship Performance Summary). Those activities can be classified as 'corporate philanthropy' as Disney is donating resources, in this case air time.

The penultimate initiative is dealing with the third CSR dimension presented in 2.3.3 ('Workplace'), in Disney terms 'Respectful Workplace'. Disney undertakes several activities to create a respectful and inclusive working environment, while paying attention in maintaining a safe workplace for its employees. Diversity is another keystone, focusing on building a diverse working force (in the U.S. 50% are female, 39% represent minorities) (2013 Disney Citizenship Performance Summary). In addition does Disney, through the Disney Development Connection, offer a wide range of learning and development opportunities and managed to implement a global approach (2013 Disney Citizenship Performance Summary). Other activities are in the field of benefit programs such as the Wellness Rewards Program. Activities for Disney's employees primarily respond to the 'security and safety' needs according to the model of Bauman and Sitka (2012).

The last initiative is about '**Responsible Supply Chain**' and includes responsible sourcing of Disney-branded products. Once again, safety plays a major role, namely in labor conditions in production facilities. Through close monitoring and improvements of its supply chain Disney tries to live up to its responsibility as an ethical and eco-friendly and emission conscious company. Making sure to minimize the footprint of their products as well as introducing a common understanding regarding labor conditions and safety to their extended supply chain. Therefore, Disney created the Integrated Supply Chain Management team, responsible for

promoting operational and citizenship objectives (e.g. regulatory compliance, labor standards, product safety, and financial performance). This is an extremely complex task, taking into account that Disney products are produced in over 29,000 facilities in more than 100 countries. (2013 Disney Citizenship Performance Summary). Therefore, activities under the initiative ‘Responsible Supply Chain’ are addressing the company’s ‘legal and ethical responsibilities’ and by that making a huge effort to not only overseeing its own operations but also being rigid with its network of external suppliers.

8.2.3 Google Inc.

Google, unlike the other companies considered in this thesis, has no formal CSR report. This makes it hard for external stakeholders to obtain a good overview of Google’s various activities. When searching for Google and CSR on Google’s search engine, the reader is referred to a website with the title “Corporate Social Responsibility” describing Google’s CSR activities. However, if the reader would not pay attention to the web domain, he or she would misleadingly suggest that Google is focusing all its CSR resources to China. The ending of the web domain is “cn”, indicating that Google’s CSR activities are specifically addressing China. Within the scope of this study, the focus will rather be on Google’s global CSR approach. Under the theme “Technology for social impact” Google subsume four themes: (1) Google Dot Org, (2) Google Green, (3) Google Crisis Response and (4) Google Politics & Elections. In the following, attention will be paid to the first three initiatives only.

However, at this point it is worth to mention, that due to the fact that Google’s CSR activities are not bundled in one report or on a single website, it is very likely that not all themes will be captured which would also go beyond the scope of this study. The first initiative I would like to present is ‘Google Dot Org’.

With ‘Google Dot Org’ Google wants to create a better world by using innovation to tackle global challenges. Under the first theme, “**Google Dot Org**”, can be found a vast variety of different initiative and activities of which selected ones will be presented in the following. One

activity (under the initiative 'Global Giving') is "Seed Funding" through which Google is funding entrepreneurial nonprofits that are developing innovative and promising tech ideas and that might have the potential to make an environmental, humanitarian or social impact on a larger scale. One tech start-up that Google is supporting is Trek Medics International. Google issued a \$250,000 grant to Trek Medics International which is working on solutions to implement a reliable way to call for medical help in case of an emergency. In many developing countries no reliable way to call for help using a distinct number as 110 in Germany or 911 in the US exist. Trek Medics International is trying to implement "... a text message-based emergency dispatch system, known as Beacon that is designed for communities that can't afford advanced 911 dispatching technologies."

Google's support here would be considered 'corporate philanthropy' as it is donating company resources, in that case, money to support promising entrepreneurs/ ideas to continue work on their respective projects. However, all of the start-ups are tech innovation, thus directly related to Google's core business. Google is not only striving to give back on a global scale but also established programs to give back to local communities. Through the "Googlers Giving Back" activities (initiative: "Local Giving"), Google encourages its employees to get involved in community work on a volunteer basis. Every June during 'GoogleServe', employees getting engage for a week of volunteer services in various ways, e.g. Graffiti cleaning or utilizing employee skills to provide knowledge to nonprofits. Google matches time and money contributions made by their employees and so far Google matched \$21 million in employee donations to more than 9,000 organizations worldwide. This activities, according to Kotler and Lee, can be considered as community volunteering.

Furthermore does Google develop and provide tech products (initiative called "Products") which are used to help nonprofits to strengthen their fundraising activities, e.g. 'One Today'. Google developed a mobile app that matches people to nonprofits, making it easy to donate \$1 to a different cause every day. Those activities cannot be classified under the Kotler's and Lee's

concept. According to the Pyramid of CSR, however, it would fall under the category dealing with 'philanthropic responsibilities' as corporate resources are used to indirectly improve the quality of life in different communities.

Another theme Google is paying attention to is **"GoogleGreen"**. Through 'GoogleGreen' Google is trying to create "... a better web that's better for the environment." by investing in different initiatives and activities. It is striking that Google is creating a link between greening their company and at the same time using it as a marketing tool: "That means when you use Google products, you're being better to the environment." That being said, Google is using the theme as a marketing tool suggesting to customers that they will do something 'good' by using Google products. As the name of the theme already suggests, "GoogleGreen" is about minimizing the environmental impact of the services offered. As an example, Google tries to save the energy used by Google's data centers.

Thereby, Google stresses that their data centers are using 50 percent less energy than most other data centers and that it was able to save over \$1bn so far. Here, Google is providing evidence that 'doing good' can have a measurable positive financial impact. Other initiatives are around increasing the use of renewable energies like wind and solar. At the moment, Google is covering 35 percent of its electricity needs through renewable sources. Overall, the company strives to increase its efficiency and by that further reduce its carbon emissions.

A striking fact is that Google continuously conveys the message that by using Google products (e.g. Gmail), every single user can contribute to minimize the overall environmental impact. Therefore, I would like to use the example of Google's email service 'Gmail'. On its "GoingGreen" website, Google states the following: "The annual carbon footprint of a Gmail user can be 80 times smaller than that of an email user at a business using locally-hosted email servers." This examples shows how Google is indirectly advertising their different products by addressing the environmental awareness of current and prospective user of its services.

The last theme to be presented is called “**Crisis Response**”. Crisis Response is about using its technology capabilities to help in cases of natural disasters such as earthquakes, hurricanes etc. Google launched Google Person Finder to connect people with family and friends or embedded a Google Crisis map on their website providing a platform to put critical disaster-related geographic data in context. All of these activities can be classified as ‘corporate social marketing’ as they support specific social causes, in this case disaster management.

8.2.4 BMW AG

BMW is following an interesting CSR approach. BMW names its report “Sustainable Value Report” which encompasses additional areas to the CSR reports presented before. Overall BMW is focusing on six themes below:

- (1) Sustainability Management
- (2) Product Responsibility
- (3) Group-Wide Environmental Protection
- (4) Supplier Management
- (5) Employees
- (6) Corporate Citizenship

Under each of these themes, different activities are hidden. However, the focus will be on theme (3), (5) and (6), as these comprise the main focus of this thesis (see 2.3).

Nonetheless, a brief description regarding (1), (2), and (4) will be given, to provide the reader with a better idea of the thematic scope.

‘**Sustainability Management**’ is about investments in projects that secure the future of the company, taking into account global megatrends. The focus is not solely on products and services, but also on effective and proactive stakeholder engagement and risk management strategies as well as on compliance and corporate governance. All these activities have in common, that they address the first two layers of the CSR pyramid of Carroll, economic and

legal responsibilities. BMW's understanding of sustainable management is to secure their business future as well as generating a sustainable positive return on its owners' investment.

For BMW **'Product Responsibility'** is about eco-friendliness and safety/ security for their customers and other road user. Eco-friendliness encompasses elements such as resources-efficient production and recycling capabilities. Furthermore, attention is given to the development and introduction of future mobility concepts, such as electric vehicles and car sharing business models to name a few. All those initiatives naturally contribute to a sustainable business model and help building the foundation for future success.

'Supplier Management' is closely tied to 'sustainability management' in terms of stakeholder management, risk management and building long-term supplier relationships.

In the following the focus of the analysis will be directed towards the three remaining themes: (3) Group-Wide Environmental Protection, (5) Employees and (6) Corporate Citizenship.

'Group-Wide Environmental Protection' is about an efficient, closed and clean production process, including the increased usage of renewable energies as well as a continuous reduction of emissions. Already in the early 1970s BMW appointed an environmental protection officer, showing that the topic is embedded in company history for quite some time. Within the theme, BMW addresses initiatives dealing with energy consumption and emissions, transport logistics, material use and waste management, water and VOC¹⁰ emissions and biodiversity.

Behind the initiative 'energy consumption and emissions' hides, among others, the desire to implement renewable energy projects, improve ongoing operations but also to further develop and integrated energy management system. Between 2006 and 2013, BMW exceeded its targets and energy consumption decreased by 31 percent and CO₂ emissions by 35.2 percent.

¹⁰ Volatile Organic Compounds: "Hydrocarbon compounds that have low boiling points, usually less than 100°C, and therefore evaporate readily. Some are gases at room temperature. Propane, benzene, and other components of gasoline are all volatile organic compounds." (Art, 1993).

BMW is an expanding car maker and therefore paying great attention to processes in their new plants and the construction of sustainable buildings. For the BMW Brilliance Automotive Ltd. opened in Tiexi/ China in 2012, active knowledge sharing from other plants took place to optimize the use of energy water and waste.

‘Efficient transport logistics’ is focusing on using low-carbon modes of transport, hence rail transport being the preferred choice. In Germany, BMW substituted around 30,000 truck trips per year, thus saving more than 13,000 tons of carbon emission. The average volume of rail transport of BMW vehicles from the plants increased by 3.8 percent from 2012 (56.9%) to 2013 (60.7%). Through ‘Material use and waste management’, BMW is putting efforts to avoid waste creation, reuse any viable waste material and recycle as much waste as possible. The company accentuates that an efficient recording and waste management process is important in helping sharing best practice solutions across its different plants worldwide. Despite the fact that the amount of total waste from 2009 to 2013 increased by 51 percent, the waste for disposals decreased by 20 percent showing that BMW is making great progress in this field. With ‘Water’ being a scarce resource, BMW tried to find ways to reduce its consumption. The BMW Group set an internal goal to reduce its water consumption by 45 percent until 2020 and by that bringing the company closer to wastewater-free production processes.

The last field contributing to environmental protection is by addressing ‘VOC emissions and biodiversity’. BMW aims to reduce VOC emissions by 45 percent by 2020 compared to 2006. Furthermore, BMW is closely monitoring the impact of their business activities on fauna and flora to maintain a safe and protected environment. As an example, BMW build its test center in Miramas (France) away from natural habitats.

In summary, all activities and projects under the environmental protection theme address ‘philanthropic responsibilities’ in regards to Carroll’s CSR pyramid.

Another theme BMW is paying attention to is **‘Employees’**, identical to the CSR dimension discussed under the name ‘Workplace’ (see 2.3.3). The focus here is on five key areas:

(1) attractive employer, (2) occupational health and safety, (3) training and further education, (4) diversity and inclusion and (5) work-life balance.

In the “War for Talents”, BMW has a comfortable position as it is one of the most attractive employees worldwide and consistently ranks among the Top 3 of the most admired companies to work for in its home market. To maintain this excellent reputation, BMW is engaged in different employer branding and HR communication activities (e.g. use of social media channels like Facebook) as well as in building strong partnerships with universities (e.g. Nanyang Technological University in Singapore). Fair compensation and extra benefits (e.g. pension programs, health insurance etc.) are also subsumed under the initiative ‘Attractive employer’.

According to the concept of Bauman and Skitka (2012), working for an admired company fulfils the ‘need for esteem’ (see 2.3.3). By becoming a even more desirable employer, current employees will feel even more proud being part of BMW. At the same time it will attract more people wanting to work for the company and obtain group membership.

Although BMW currently has no problems to find qualified employees, it is also making efforts in retaining and further qualifying current ones.

This is what the initiative ‘**Training and further education**’ is dealing with. The focus is not only on developing current skills but also on developing new skills needed due to changing requirements and different technologies. Furthermore, does BMW promote action learning and provides international exchange programs with offices and facilities all across the world. Through training and further education BMW contributes to the individual well-being of its employees which respond to the need which Bauman and Sitka call ‘need for meaningful existence’ (see 2.3.3).

BMW is a car maker, which per se includes demanding manufacturing processes as well as intensive interaction between workers and machines in the production facilities.

Therefore, it is no surprise that '**Occupational health and safety**' is another initiative under BMW's 'Employees' CSR theme. Activities embrace ergonomic workstations, implementing workplaces specifically suited for an aging workforce, providing health check-ups to name a few. BMW introduced special committees on occupational health and safety which come together every quarter to discuss different issues in regards to the topic. These committees consist of employer representatives, experts in occupational health and safety as well as environmental protection, company physicians, safety officers, works council representatives and additional experts in the field (BMW Sustainable Value Report 2013).

Two more initiatives are dealing with 'Diversity and inclusion' and 'Work-life-balance'. While the first one is about enhancing diversity within its workforce, e.g. cultural backgrounds, more women in leaderships, the latter is focusing on flexible working models and ways to reconcile work and family life (e.g. childcare services).

The last theme which is of particular interest for this thesis is '**Corporate Citizenship**'. An interesting fact is that BMW, in the context of Corporate Citizenship, is speaking about bringing economic benefit to the company while mastering challenges in society. BMW's understanding of Corporate Citizenship is very similar to the strategic philanthropy definition of McAlister and Ferrell (see 2.2.3). In 2013, the company's main focus was on intercultural communication and social inclusion, as BMW is active in 140 countries around the world. BMW is aiming to integrate themselves into local societies, thus creating a positive image while taking local conditions into account. For each of its Corporate Citizenship activities BMW is analyzing the costs and benefits using the Input Output Outcome Impact method¹¹. Through its activities, BMW benefits in a way that it gets more insights into local social structures in different

¹¹ "The iooi method deals with impact assessment of corporate social commitment." (Bertelsmann Stiftung).

locations where they run operations as well as enhance their image in these markets. In 2011, BMW together with the United Nations Alliance of Civilizations (UNAOC) introduced the Intercultural Innovation Award which supports innovative concepts in the field of intercultural tension and conflict management.

According to Kotler and Lee, this award can be classified as ‘Corporate Philanthropy’ as BMW is donating corporate resources (financial support, advisory services and network utilization). In addition, BMW supports the development of local communities and e.g. established the BMW Korea Future Fund through which the company is promoting the development of responsible leaders in society. In South Africa, BMW is involved in the “Schools Environmental Education Development Project” (SEED), trying to raise awareness among young people regarding environmental issues, hence promoting social responsibility. Other activities are around the core business of the company and combine educational and traffic safety projects helping to increase the understanding of technology and sustainability.

As many other companies, BMW also provides funds and donates money in case of major disasters which is not only limited to developing countries but also to industrial nations such as Germany. In 2013, especially the Eastern part of Germany¹² was hit by the floods and BMW provided €1.5 million in financial support showing that it engages in local communities.

Another field BMW is actively involve itself is ‘cultural engagement’: “With our cultural activities we want to be perceived as a corporate citizen, enhance our reputation and stand out from the competition. We also aim to achieve a positive image transfer that contributes towards the BMW Group’s public image”. This is another indicator that BMW strives to combine social contribution with economic benefits. Another one is the introduction of a Cultural Commitment strategy which standardizes all activities in the field of cultural engagement and is based on the

¹² BMW has a facility in Leipzig.

company's brand and sponsorship strategy. BMW cultural engagement extends to areas such as modern and contemporary art, classical music, opera as well as design and architecture.

Last but not least, through different company foundations¹³, BMW supports projects in the field of social innovation and global dialogue, environmentally friendly mobility and youth unemployment

8.2.5 Daimler AG

The CSR report of Daimler starts with an interesting statement: "Sustainability management is a continuous improvement process that can be realized successfully only in cooperation with our stakeholders. The aim is to find out what expectations stakeholders have of us as a global automotive group and what demands we place on ourselves in order to be successful on a sustained basis. In this process we concentrate our sustainability management on fields of action that are significant for our stakeholders and for our company." It seems as if Daimler, based on the CSR communication model of Elving et al. (see chapter 6) follows a participatory approach in terms of their CSR communication.

Daimler is mainly focusing on the following four key CSR areas:

- (1) Product Responsibility
- (2) Operations-related environmental protection
- (3) Employees
- (4) Social commitment

Besides these four key areas, Daimler briefly mentions 'suppliers' and 'customers' as separate CSR areas. However, as part of this thesis suppliers and customers will not be considered.

'Product Responsibility' is focusing on three different things: "the greatest possible customer benefit, the highest safety standards, and maximum environmental and climate compatibility." (Daimler Sustainability Report 2013). Daimler is tackling product responsibility from a

¹³ BMW Foundation Herbert Quandts (established 1970); BMW AG Eberhard von Kuenheim Foundation (2000); BMW Future Fund (2011).

different angle and provides lots of facts and figures to increase the informative value of the reports. Despite many facts, the report is easy to read and clear in its messages. Daimler accentuates that in order to develop and manufacture environmentally compatible and energy-efficient products, this has to be deeply embedded throughout the entire product life cycle and that is what they do (life cycle assessment). Here, all environmental effects from the extraction of raw materials to product use and recycling is assessed and compared to other products within the company but also to main competitors. The focus here is to reduce weight, increase recycles (e.g. Lithium Battery Recycling Initiative) as well as the usage of natural materials. Other than the mentioned, Daimler is involved in electric cars, which operate without producing greenhouse emissions. As part of a pilot project in Germany, Daimler provides green electricity for every 'smart fortwo electric drive'¹⁴. Reducing fuel consumption as well as CO₂ emissions is crucial to Daimler, as the majority is caused during the usage phase of the vehicle and only 20 percent during the manufacturing process.

In addition to reducing fuel consumption, efforts are made to educate drivers on how to reduce fuel consumption through an economical and anticipator driving style (Mercedes-Benz Eco-Training program).

The next theme '**Operations-related environmental protection**' is about analyzing the causes of possible environmental effects. Daimler identifies operational, process and manufacturing touchpoints to be tackled to decrease its environmental impact. In addition, the theme also affects the organizational structure of the company as a Chief Environmental Officer is mandated by the Board of Management to coordinate the Group-wide environmental management activities (Sustainability Report 2013). Regional committees coordinate local and regional measures and activities in coordination with the company's Corporate Environmental

¹⁴ "Daimler is feeding additional renewable energy into the German grid – to cover the electricity requirement for the operation of smart fortwo electric drive vehicles sold in Germany. In doing this Daimler deliberately forgoes the subsidy provided by the Renewable Energy Act (EEG)." (Sustainability Report 2013).

Protection unit. Other activities include employee training in terms of environmental responsibility and strong controls of its supplier, expecting them to operate according to certain environmental standards in line with Daimler policies (e.g. ISO 14001). Climate-friendly energy supply (e.g. photovoltaic or decentral combined heat and power units) for its plants is another way Daimler tries to reduce emissions caused. Similar to other companies, Daimler tries to substitute air travels for business trips and use video and online conference where possible instead. Through a more intense use of rail and waterway, the company intends to reduce environmental effects caused by trucks which can transport far less than the mentioned alternatives.

The third major CSR theme of Daimler is '**Employees**' and consists of five strategic dimensions: (1) profitability, (2) competitive workforce, (3) future-oriented leadership, (4) attractiveness as an employer and (5) professional organization. Based on the strategic dimensions, Daimler derived 12 key areas of action of which some will be briefly presented.

Daimler endeavors a fair remuneration system for all its employees including managers. Through constant benchmarking, the company makes sure to compensate at the usual market rates but also make necessary adjustments if it turns into a competitive advantage.

Further attention is paid to new working models, e.g. flexible working arrangements etc. and in general on ways to reconcile family and working life which in turn also supports the cause of being perceived as an attractive employer. Two additional focus areas are diversity and learning and development. Daimler promotes diversity which is expressed by the company's diversity slogan "I'm one of you". Diversity for Daimler encompasses not only gender, sexual orientation and cultural background but also different experiences and skills, thus the three fields of action are: gender diversity, internationality and generation management.

By 2020, Daimler wants to increase the share of female executives by 20 percent (2013: 13%). In addition the share of international candidates hired is aimed to increase from one-third in 2013 to 50 percent in 2020. Through the Daimler Corporate Academy the company

tries to provide a platform for qualification programs targeting managers and regular employees. Courses range from leadership seminars to specialist knowledge and cross-functional trainings. The final theme '**Social Commitment**' is mainly focusing on funding non-profit organizations, sponsorship of social projects as well as corporate volunteering and self-initiated community projects. Daimler is supporting a wide range of different initiatives under its 'Social Commitment' theme. This includes, among other, funding through the Daimler and Benz foundation, education on traffic safety, art and culture, charitable projects and corporate volunteering.

Through the Daimler and Benz Foundation, Daimler supports scientific work and research conducted in the areas of environmental protection and technological safety. An interesting contribution is made from the Daimler Foundation to a mobility think tank, focusing on the social impact of autonomously operating vehicles. Further funds are granted to German universities to support them in their internationalization process as well as in supporting students in engineering, natural sciences, mathematics and IT.

With its commitment to education and traffic safety (MobileKids), Daimler already educated more than one million children worldwide.

Training is focusing on educating children in becoming independent road users at an early age while raising awareness about the importance of safe mobility and accident prevention training. Another area where Daimler is contributing is art and culture, mainly focused on the maintenance and expansion of local and regional culture, such as the Berlin Philharmonic, the Jazzopen in Stuttgart or the "21 icons"¹⁵ project in South Africa.

Other initiatives, under the Social Commitment theme, are supporting charitable projects and corporate volunteering. One of several charitable projects Daimler is supporting is called 'Wings of Wheels'. Here, Daimler Trucks joined forces with an NGO called 'Wings of Help'

¹⁵ "This initiative has set itself the goal of inspiring younger generations to follow in the footsteps of national icons like Nelson Mandela" (Daimler).

to help Syrian refugees in Turkey. With the help of several new Mercedes-Benz Actros tractor-trailer 'Wings for Help' was able to deliver, among others, 35,000 blankets, winter clothing for 120,000 people, and food for 150,000 people.

In addition to its commitment to charitable projects, Daimler provides opportunities for its employees to get involved in volunteering work. For example does Daimler Financial Services organize in more than 20 countries the 'Day of Caring' and in 2013, about 2,320 employees contributed a day of work to support charitable organizations. In the US 1,100 employees committed one full week for volunteering work and got engaged in more than 30 different institutions.

8.3 Integration of CSR activities into Corporate Strategy

In the previous chapter CSR activities for the five selected companies have been presented and analyzed. Now, the next step is to analyze if those CSR activities are aligned with and integrated into the business strategy. In order to assess this, the following indicators will be considered (see 4.1 and 4.2): top management support, clearly assigned responsibilities (e.g. separate CSR department), incorporated into vision and mission statement, aligned with core competencies and clear KPI's.

8.3.1 Microsoft Corporation

The CSR report of Microsoft (Citizenship at Microsoft) starts with a statement of the CEO, at that time Steven A. Ballmer. By starting with "To our stakeholders", Steve Ballmer explicitly addresses Microsoft's seven stakeholder group (Governments, Shareholder, Communities, Partners, Suppliers, Employees and Customers). This fact leads to suspect that Microsoft endeavors to address its entire stakeholder groups by different activities and indeed, Microsoft's activities are extensive and varied (8.1.1). Furthermore, Microsoft did publish the CSR report at the same time as their financial report, leaving the impression that both are equally important to the company, thus indicating top management backing.

CSR is internally supervised by Brad Smith, Executive Vice President and General Counsel, Legal and Corporate Affairs. That being said, CSR has a strategic home port and is aligned with departments that go hand in hand with CSR, namely, Legal, Compliance and Corporate Affairs. Brad Smith is a vocal Executive and discusses CSR and citizenship topics in different external forums and in front of different audiences such as the U.S Senate Judiciary Subcommittee.¹⁶ CSR is not explicitly mentioned in the mission statement¹⁷ but by analyzing Microsoft's various CSR activities it seems that it is implicitly embedded. "Enabling people throughout the world to realize their full potential" is addressing Microsoft's YouthSpark initiative through which young people are empowered to discover and unleash their full potential.

Through technology, Microsoft strives to transform the way people work, play and communicate, represented by the "Technology for Good" initiative, through which Microsoft donates software and services to nonprofits around the world (see 8.2.1). Taking a look at the company's six core values and its extensions ("The Standards"), CSR is represented by the following: "Accountable"¹⁸, "Our Responsibilities" and "Making Ethical Decisions", whereas the latter two are falling under "The Standards"¹⁹.

It seems that CSR is not just a catchword for Microsoft but part of the corporate culture. One indicator is its strong volunteering and donating culture best represented by the 'employee giving' program (8.2.1). In more than 30 years, Microsoft and its employees together donated \$1bn which indicates that helping communities is an integral part of the corporate culture.

As described in 8.1.1, Microsoft's core competencies are in developing software and enterprise services, allowing and supporting people to be more efficient and productive in their individual

¹⁶ He held a speech about the scarcity of skilled labor in the U.S and Microsoft's commitment to educational support for students. Furthermore he argued why the U.S immigration policies for high-skilled specialists need to be reformed.

¹⁷ Microsoft's mission is to "... enable people and businesses throughout the world to realize their full potential by creating technology that transforms the way people work, play, and communicate." (Microsoft).

¹⁸ Accountable: "Accountability is about keeping your word and taking responsibility for the commitments you make. When you say you'll do something, you do it. Trust is built over time in just this way. Be honest and accountable." (Microsoft).

¹⁹ "The Standards are an extension of Microsoft's values and reflect our continued commitment to ethical business practices and legal compliance." (Microsoft).

work as well as personal lives. In almost all CSR initiatives/ activities, Microsoft is utilizing its core competencies to contribute to societies whether it is by developing technologies, helping to reduce environmental impact, or by introducing the Microsoft Technology and Human Rights Center which, among other, through its Microsoft Photo DNA technology is fighting the online redistribution of images of child sexual exploitation. Microsoft is deliberately using its expertise and competencies to make a change in many different areas.

Furthermore, Microsoft provides a transparent overview of its CSR related Key Performance Indicators (KPIs), results achieved as well as an outlook on the agenda for the following year. For 2013, one of its KPI's was to "Empower 100 million youth to imagine and realize their full potential...through Microsoft YouthSpark..." According to Microsoft this goal was achieved and the goal for 2014 to empower additional 100 million youth.

Transparency seems a hot topic for Microsoft, also reflected by the first release of its report of law enforcement.

Here the reader gets an overview about the number of data requests received from official legal entities, the number of requests been granted and insight into the review process.

Based on the model of Basu and Palazzo (see 4.2) as well as the indicators presented above, it can be concluded that for Microsoft internal consistency is given.

8.3.2 The Walt Disney Company

Disney's CSR report starts with two separate messages of the CEO and the CFO. Both start their statement with "Dear Stakeholders", and similar to Microsoft, Disney addresses several stakeholders/ CSR dimensions through a multitude of activities. At Disney, top management support for CSR related topics can be assumed for the following reasons.

Firstly, having the top two executives with individual messages indicates that the CSR report is no appendix of the financial report but equally important.

Secondly, Robert Iger (CEO) is explicitly mentioning the positive correlation between "doing the right thing", by conducting CSR activities, and a positive impact on its financial results.

If something has a positive impact on a company's balance sheet, it can usually be expected that top management support is given.

CSR is assigned to an Executive on top management level, namely to the Executive Vice President and Communications Officer, Zenia Mucha, hence, a clear delegation of authority and responsibilities has been given.

However, surprisingly CSR is neither explicitly nor implicitly included in Disney's mission statement. Nevertheless, the company has an own citizenship mission: "Conduct our business and create our products in an ethical manner and promote the happiness and well-being of kids and families by inspiring them to join us in creating a brighter tomorrow" (Disney Citizenship report 2013). This, without doubt, is also a clear and strong statement but would have been even more powerful if embedded into Disney's mission statement.

Disney's core competencies lie in content creation, storytelling, animation and designing shows. When taking a closer look at the company's CSR activities, it is obvious that the company is leveraging its core competencies. An example is Disney's 'Conserve Nature' initiative (see 8.2.2). Disney uses their Parks and Resorts as well as Disneynature films to educate kids and their families about the importance of diverse ecosystems. Here, Disney is not only leveraging its parks and resorts but also its storytelling and content creation competencies. Another example is the 'Think Creatively' initiative (see 8.2.2), through which Disney is engaged in helping kids to develop creative problem-solving skills. It is indisputable that creativity is one of Disney's core competencies, keeping its shows, blockbuster movies, animation and content creation in mind. Another initiative, indicating, that CSR initiatives/activities are aligned with core competencies is the 'VoluntEARS' Program (see 8.2.2) in which employees' skills are matched with specific needs of NGOs. Hence, Disney pays great attention towards the core competencies of its employees and secondly matches those employees with NGO where they can make a huge impact.

Disney has six company values: Innovation, Quality, Community, Storytelling, Optimism and Decency (Disney website). Under “Community”, Disney understands the following: “We create positive and inclusive ideas about families. We provide entertainment experiences for all generations to share.” However, one of Disney’s citizenship commitments is to “promote happiness and well-being of kids and families through different activities”. Based on the company’s CSR activities (see 8.2.2), it can be assumed that CSR is implicitly embedded in Disney’s corporate value “Community”.

Disney has clear CSR KPIs in place and communicates them in a transparent and understandable way, which can be illustrated by the example of ‘Conserve Nature’:

- Target: “By 2015, connect 35 million kids and families with nature experiences”, which was achieved in the reporting period.
- Achievement during the reporting period (here 2013): “In 2013, Disney facilitated more than 12.9 million interactions with nature, bringing our total to 25.2 million since 2012”.
- Status²⁰: “On Track”

Furthermore, an extensive data table provides a wide range of numerical facts, e.g. Corporate Giving, Total Waste Generated, Net Direct Emissions etc. also showing the result for the two previous years, making it easy for stakeholders to compare results.

Based on the model of Basu and Palazzo (see 4.2) as well as the indicators presented above, it can be concluded that for Disney internal consistency is given.

8.3.3 Google Inc.

As described in 8.2.1, Google does not provide a CSR report but instead is communicating its activities through different thematic website like www.google.org, www.google.com/green or www.google.org/crisisresponse. Regardless, it is conspicuous that no Google Executive is

²⁰ Disney status measurement: “Completed”, “On Track”, “Getting Started” and “Did Not Achieve”.

giving a statement on any of the websites. Insofar it is quite fitting as CSR and corporate citizenship is not located within the responsibility of an Executive Officer or senior leader of the company.

Furthermore, if taking a closer look on Google's mission statement²¹, no direct link to CSR can be drawn. However, when analyzing Google's CSR activities major efforts have been undertaken to make information available to as many people as possible, e.g. through its seed funding initiatives and its support for Trek Medics International (see 8.2.3). The same goes for certain activities under the theme "Crisis Response". Here, a suitable example would be the Google Crisis map (see 8.2.3). Therefore it is safe to say that CSR is to some extent implicitly embedded into the mission statement.

Google is very good in providing users and customers a direct link between its core business and how it can be used to make an environmental and social impact. In fact, Google clearly demonstrate users that by using their products (e.g. Gmail) they can contribute to a more sustainable ecological environment.

Google does it with all of its products and communicate it the following: "Whether you're a commuter looking for safe ways to bike to work or a small business owner seeking greener email solutions, our products help you live a better life while also being good to the environment." For each of its product/ services Google provide a succinct description how users will contribute to the bigger environmental picture by using its products. Without any doubt does Google utilize its core competencies (software development and search engine combined with sophisticated algorithm design) to engage in CSR activities. One example is Google's donations of specifically developed software to different NGO's supporting them in their fundraising activities.

²¹ "Google's mission is to organize the world's information and make it universally accessible and useful" (Google).

Google is providing facts and figures which can be considered as KPI's. However, for most of the activities no concrete outlook or future KPIs are communicated. Nevertheless, based on the model of Basu and Palazzo (see 4.2) as well as the indicators presented above, it can be concluded that for Google internal consistency is given.

8.3.4 BMW AG

The 2013 CSR report of BMW starts with a statement of the CEO and is not necessarily addressing its stakeholder only but all potential readers, derived by the salutation "Dear Reader". The introduction and statement of the CEO is very powerful and accentuates that CSR is an explicit part of the company's vision. "In 2013, we brought our vision of urban emissions-free electromobility to the streets." The importance of CSR for the company is further enhanced by the fact that BMW is taking a holistic approach by implementing sustainability along its entire value chain, thus becoming part of the day-to-day operating DNA of the company. Therefore strong management support for CSR can be expected. This assumption is further reinforced by the fact that after the CEO's introduction (page 6 of the CSR report), all Executive give a brief statement what CSR means for their area of responsibility and why it is important. Therefore it is no surprise that all eight Executives also sit on the Sustainability Board. With the former Chairman of the Supervisory Board Joachim Milberg, responsibility for CSR is assigned to a very powerful and well respected senior manager.

Even though CSR is not mentioned in the company's mission statement²², it is explicitly mentioned in the vision statement.

According to the opening statement of the CEO it is safe to say that CSR is integrated into the core business objectives. The following two statements serve as a proof:

1. "It is our way of ensuring that sustainability is established as part of the very structure of the company, becoming an integral part of our day-to-day lives.

²² "The BMW Group is the world's leading provider of premium products and premium services for individual mobility".

2. “At the BMW Group, all aspects of sustainability are integrated into the work of every division and each one of our 110,000 associates.”

Especially the second statement shows that sustainability is not a phrase but part of the culture and a general company understanding of how business should be conducted across all business units. The company’s CSR activities are aligned with BMW’s core competencies, which are in the field of engineering, as well as in operating and manufacturing processes. In BMW’s CSR theme “Product Responsibility” (see 8.2.4) the focus is on eco-friendliness of its products encompassing resource-efficient production and recycling capabilities. Another focus area, under the theme “Group-Wide Environmental Protection”, is efficient transport logistics. Once again the company is utilizing its competencies in operation processes.

Sustainability is deeply embedded in the company’s organizational culture and addressed in BMW’s corporate values in different forms. “Sustainability”, “Society” and “Responsibility” are mentioned separately and independently from each other emphasizing the importance of the topic for BMW. It is striking that BMW, in its corporate values, stresses in different contexts the importance of a “long-term” business orientation, e.g. “The Company is only interested in results that have a long-term impact.” This is an additional argument that serves as an indicator of the importance of sustainability topic for BMW.

For each of its six CSR themes (see 8.2.4, page 80), BMW established clear KPIs. In addition, the company give an overall illustration of comparative figures for the previous years (2009, 2010, 2011 and 2012).

Based on the model of Basu and Palazzo (see 4.2) and the indicators presented above, it can be concluded that for BMW internal consistency is given.

8.3.5 Daimler AG

Daimler’s 2013 CSR report includes a statement of three Daimler Board Members, Dr. Dieter Zetsche (CEO), Dr. Christine Hohmann-Dennhardt (responsible for Integrity and Legal Affairs and Co-Chairman of the Daimler Sustainability Board) and Prof. Dr. Thomas Weber

(responsible for Group Research Mercedes-Benz Cars Development and Co-Chairman of the Daimler Sustainability Board). The statement reflects the importance that sustainability has for the company. Daimler is conducting a holistic approach and is taking the view that economical, ecological and social goals need to be in harmony. The company is aiming to anchor a corporate culture based on trust and responsibility indicating that top management support is given as a corporate culture needs active support and encouragement of top management which must lead by example. Furthermore, all eight board members provide a statement of what sustainability mean to them and their respective area of responsibility. That being said, top management commitment for CSR related topics can be expected. Moreover, CSR responsibilities are clearly assigned to and owned by Board member and Head of Integrity and Legal, Dr. Christine Hohann-Dennhardt. Daimler also implemented an Advisory Board for Integrity, consisting of seasoned external experts, which has the role of advising the company in CSR. As described in 8.1.5, Daimler is not transparently communicating a mission and/ or vision statement. In its CSR report, Daimler is stating several vision for its business lines, e.g. "... the vision of emission-free driving... for urban buses:" or "... vision of accident-free driving". The first one is explicitly including CSR and sustainability by addressing emission-free driving. However, a companywide mission/ vision statement is not transparently and explicitly communicated. Generally it can be assumed that Daimler aligns its business objectives with CSR. This assumption is further supported by the following Daimler statement:

"We can only ensure sustained profitability and society's acceptance of our business activities if we take into account the impact all of our business processes have on the environment and society, and if we align our business targets with environmental and social requirements."

Overall, Daimler utilizes its core competencies and supports different initiatives/ activities directly connected with its core business. This spans from providing education on traffic safety and educating drivers on how to reduce fuel consumption (see 8.2.5) to financing mobility thing tanks focusing on the social impact of autonomously operating vehicles.

Furthermore, Daimler continuously work on ways to reduce fuel consumption as well as CO₂ emissions. This again shows that Daimler is using core competencies to contribute to communities and societies as a whole. When taking a closer look into Daimler's corporate values (passion, respect, integrity and discipline), it is surprising that sustainability and environmental aspects are not mentioned. On the other hand, as expected, Daimler has clear KPIs for each of its themes in place and also provides additional information for the past two years (2011 and 2012). Overall, based on the model of Basu and Palazzo (see 4.2) and the indicators presented above, it can be concluded that for Daimler internal consistency is given.

8.4 Comparison

When comparing CSR activities of the companies considered, it is important to recall the respective sectors as well as its home countries. Overall three different industry sectors are represented: Technology (Microsoft and Google), Services (Disney) and Automotive (BMW and Daimler). Those five companies are either from the U.S. (Microsoft, Disney and Google) or Germany (BMW and Daimler).

The integration of CSR into strategy as well as the alignment of CSR activities with core competencies applies to all of the above mentioned companies. Activities differ across sectors as the core competencies differ fundamentally. Microsoft and Google are donating software, either already developed or developed for certain NGOs or events, which of course is directly linked to their core business and core competencies.

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1. **Numerous CSR activities across the five companies differ from each other:** Main differences in CSR activities/ programs arise because of the respective industries and core competencies
 2. **Common themes also exist:** Volunteering programs, workplace and employee related topics, e.g. training and development, diversity management
 3. **Carbon emission:** Reducing carbon emission is standard across all industries and across all of the five multinational companies. However, the way the companies want to approach it is slightly different.

Figure 9: Summary comparison (Source: Chart created by author)

Disney for example plans and carry out CSR activities specifically related to their core competencies and, e.g. utilizes their parks and resorts to educate families and kids about the importance of a stable ecological system. They also use their movies to bring diverse message across, e.g. related to healthy nutrition. The same goes for BMW and Daimler and the automotive sector. BMW and Daimler are working on the eco-friendliness of their vehicles. Other examples are trainings offered by Daimler to educate drivers on how to reduce fuel consumption through an economical and anticipator driving style, or BMW's traffic safety programs.

While there might be differences in CSR activities due to respective core competencies, there are also common themes. All of the companies established corporate volunteering programs and run very similar initiatives when addressing workplace and employee related topics, e.g. training and development, work environment and culture or diversity management. Furthermore all companies launch several initiatives to reduce carbon emissions. In order to give the reader a small glimpse on the several initiatives/ projects launched, some of them will be briefly listed: Microsoft aims to purchase more renewable energy, Disney aims to send zero waste to landfills, Google is targeting the energy consumption of its data centers, BMW aims to use more secondary and renewable raw materials and Daimler is focusing on making operations as energy-efficient as possible. Beside all long-term activities all companies donate money and provide immediate assistance when major disasters occur. Figure 9 (see page 102) is showing a summary comparison.

9. Research summary

The motivation behind the thesis was to answer the following two research questions:

- How do CSR initiatives of Microsoft, Disney, Google, BMW and Daimler differ from each other?
- Are those initiatives integrated into the respective business strategies, hence, aligned with the respective core competencies?

According to the 2013 CSR RepTrak study, the considered companies enjoy an excellent reputation in CSR and can be considered an international benchmark. The analysis of the respective CSR reports showed that a lot of commonalities exist and that e.g. corporate volunteering programs or emergency funding in cases of natural disaster are standard practice. An interesting finding is that the first research question cannot be fully answered without answering the second one.

All companies integrated their CSR activities into their corporate strategies and also are those activities aligned with the respective core competencies. This is partly due to top management support which may be presumed in all cases. The differences and variations of CSR activities across the considered companies can be explained by the different core competencies. Therefore, it is no surprise that companies with similar competencies (e.g. BMW and Daimler), in part, have similar CSR activities. No substantial differences of CSR activities based on the home country of the analyzed companies became apparent. As all companies are MNEs and operate domestically as well as internationally awareness of local communities and societies is expected. Therefore, those companies select their CSR activities based on local conditions and environments, but of course also based on the impact of their operations locally.

Using the model of Gazzola (2014), it is fair to say that all companies are either in stage four (innovative CSR) or in the final stage (dominant CSR). This conclusion is supported by the fact that all companies amended internal processes, products and services and are well aware of the multiple departmental touchpoints CSR has within a company. Furthermore, CSR activities are related to the core business of the companies and a full CSR lifecycle approach implemented. To ultimately assess whether the respective companies are either in the penultimate or final stage of the integration process of CSR into strategy, highly detailed knowledge about the company is required. The knowledge could be acquired by multiple expert interviews of senior manager and CSR specialists and through research stays in the respective companies.

9.1 Practical implications and limitations

The findings of this study show that the alignment of CSR activities with core competencies proofs to be helpful to set up a sustainable and effective CSR strategy. However, this presumes strong management backing as the integration of CSR into the corporate strategy might require changes on current processes, products and/ or services. The positive side effect would be a good ranking position in the CSR RepTrack which in turn provides positive media coverage in highly regarded magazines like Forbes and ultimately improves a company's CSR reputation. Practical implications for senior executives that try to implement or further develop CSR in the respective companies so that it can add value would be the following:

1. Make CSR a core business function and assign responsibilities to a senior executive/ board member who will function as a business promoter and
2. Align CSR initiatives with the company's core competencies and utilize those to make a difference in local communities
3. There is no one size fits all approach. CSR initiatives must be customized to the respective business model and location

However, this significance of the thesis is limited as only five companies have been considered. Moreover, all companies were MNEs and therefore a comparison and analysis of SMEs is missing here.

9.2. Suggestion for future research

Based on the findings from this thesis three future research fields became apparent. Firstly, it would be interesting to find out if certain types of CSR activities exist that are more promising than others in regards to their impact on CSR reputation rankings.

Secondly, from a CSR communication perspective, the rise of social media and its influence on CSR communication would form another exciting field of research.

Thirdly, it would be interesting to find out if different cultural environments form different societal expectations in regards to CSR activities. On this basis, it would make sense to explore if companies adjust their CSR strategy based on different societal expectations.

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