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**Corporate Social Responsibility or Corporate
Social Responsiveness
- Case study of CSR in top Swedish firms**

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ABSTRACT

In recent years, the field of Corporate Social Responsibility (CSR) have become more important than ever before, due to the non-proportional relation between the increase in power of companies and the level of their social responsibilities. Today, corporations appear to expand their accountability in social issues by internalizing such concerns into their enterprises in order to prevent potential crisis resulting in negative media debates.

The aim of our thesis is analyze the role of CSR in large Swedish corporations. The qualitative and quantitative methods given by interviews and statistics analysis of survey data lead us to identify the influence of CSR departments within the organizations. The theoretical findings indicate that the influence of a department vary according to their power status, and the departmental power could be gained by having control over three determinants to the strategic contingencies theory; uncertainty, non-substitutability, and centrality. The empirical results point out that CSR departments have low level of influence on strategic decision-making. Even though CSR managers have the necessary expertise, awareness and determination to make changes in corporate behavior regarding social issues, still at CSR departments their influence continue being imperceptible. The CSR-movement today appears as a business answer to social conflicts and is in that sense similar to a marketing strategy. Nevertheless, it presents corporations as responsible and accountable to society in their new role as societies' rulers but the influence of CSR departments will remain the same unless there are more profound changes in the organizational perceptions and approaches towards social issues.



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1. INTRODUCTION

This chapter of the study provides an understanding of the area that is of interest in this thesis. At start, a more general discussion about Corporate Social Responsibility (CSR) is made, introducing why it is an interesting area to conduct a study in. Further, we will present a case example based on the “water war” in Bolivia. This recent event will illustrate the relevance of corporate social responsibility and its personal relations to us as a consequence in a real situation. Finally, the research problem and the purpose of the study will be presented.

1.1 Why Corporate Social Responsibility (CSR)?

In recent years, the discussion on the roles and responsibilities of business in society has emerged internationally. Debates have turned around the ways in which corporations can play an active role in internalising environmental and social concerns into their enterprise, as well as deliberated upon the corporate scandals of the early 21st. century. The field of corporate social responsibility (CSR) appears to have become more important than ever before following recent high profiled incidents around the world. Some examples of incidents are for instance, the collapse of Enron, USA (2001), or the incidents involving WorldCom USA (2002), Parmalat, Italy (2003), Union Carbide, India (1984), Exxon Valdez, Alaska, USA (1989), Shell in Nigeria (1993), Nike in Vietnam (1996), Kathie Lee Gifford and Wal-Mart, China (1992). In the last case, an agreement was grafted and signed with Kathie Lee Gifford, in which Gifford promised to stop using sweatshops, to pay decent wages to her workers, and to allow independent inspectors into her factories to ensure compliance with human rights and labor laws. The *Business Week* investigation found that as late as 1999, Kathie Lee handbags were being made in a Chinese factory where employees worked fourteen-hour days, seven days a week, thirty days a month, for an average wage of 3 cents an hour, and were beaten, fined, and fired if they complained about it.¹ Wal-Mart has roughly 4.400 supplier factories in China and a large proportion of

¹ Roberts, D. and Bernstein, A., 2000, “Inside a Chinese Sweatshop: A Life of Fines and Beating”.



these are almost surely sweatshops. The same investigation point out that Wal-Mart still uses sweatshop labor in developing countries, despite its initiation of third party monitoring of its suppliers. Many other companies that produce or sell goods made in low-wage countries do similar self-policing, from Toys 'R' Us to Nestle, Gap, to mention some of them². The issues involved in these cases were diverse, ranging from bad corporate governance to negligent and irresponsible behavior towards the environment, human rights -wage, working condition, health and safety practices- and labor laws, which consequently provoke a chain of several social conflicts.

In the following incident, which took place in between Cochabamba with Bolivia in 2001, we present a case as an example to explain similar consequences presented in many parts of the world. The “water war”, as it was called, represents the beginning of a series of conflicts occurred during the last tree years in Bolivia. The “Black February” in 2003 and the “Gas War” or “Black October” in 2003 followed this case. Those incidents left as result the resign of two presidents in a short time, bringing forward the general elections to December 18th, 2005, the companies are still facing problems related with social responsible behavior and the consequences for the society turned into many injured people and around 100 people dead as result of bloody confrontations during the last years.

Example case: “Water War” in Bolivia ³

It all began when the Bolivian government, under pressure from the World Bank to privatize water utilities, contracted with Aguas del Tunari, the major shareholder of which is Bechtel subsidiary International Water Ltd., to run the water system of Cochabamba, a water-starved region in central Bolivia. At the time, Cochabamba was served by an old and decaying system that did not reach areas of the countryside where many peasants lived. Aguas del Tunari, when it took over the system, raised rates, to up to three times what they had been, and began charging peasants for water

² Klein, N. “No Logo”, 2001 and National Labor Committee, www.nlcnet.org

³ Bakan, J., 2004, “The Corporation”, p.165.



they drew from their own wells. The government, in compliance with its contract with the company, passed a law that prohibited people from collecting water from local lagoons, rivers, and deltas, and even rainwater. The company confiscated people's alternative water systems, without compensation, and placed them under its control. All of these actions, including the rate increases –which imposed severe hardships on many people, according to Oscar Olivera -a union official who lead a popular uprising against privatization of the freshwater system in Cochabamba- were justified by the company as necessary to meet contractually mandated profit levels.⁴

People organized in the city and in the countryside, with the help of Olivera and others, and demanded that the company leave, which it did, eventually, but only after bloody confrontations between citizens and the police and military. “We started to see many injured youths, young people at sixteen or seventeen years old who lost arms, legs, were left paralyzed, had brain and nervous system injuries, had one young man, Victor Hugo Daza, killed... and there had been five people killed in the countryside,” recalls Olivera. “It was a victory at a real great cost.”

It was still a victory, and not just for water, according to Olivera, but for “the struggle for justice, the struggle of democracy, and the struggle for the change of living conditions of the people:

“We saw this incredible capacity of people to organize, to unify and to be in solidarity with each other... At the point it was so strong, and people were coming together so much... there were a hundred thousand people in the streets, and there were people from all sectors of society, rich and poor, peasants, women, seniors, young people. And the incredible thing they had the power to make decisions, to make decisions about the water. And finally they did decide about the water. And I think for the first time in a long time, young and old people had the chance to taste, to really savor democracy, because as we have always said, democracy is about who makes decisions... The only sovereign is the people and no one else”.⁵

⁴ Interview with Oscar Olivera, made and cited by Bakan J., 2004, “The corporation”, p.165.

⁵ *Ibid.*



The water corporation was desprivatized and returned to the people of Cochabamba. Olivera now dreams of making it truly “social corporation that really involves people in... decision making and [solving] their problems.” Already, he says, the corporation today, with a board of directors composed of local officials and representatives from unions and professional associations, is “not only transparent, but more just, more efficient, and encouraging of participation of the people in the solution to their problems”.⁶

Following these incidents, it soon became evident that corporate entities around the world need to be made aware of the consequences of any irresponsible actions they may take. Civil demonstrations around the world have been playing an important role related with CSR. Beginning in the mid-90’s, mass demonstrations against corporate power and abuse, shake North American and European cities. The protestors - included social movements, non-governmental organizations, community coalitions, labour unions - targeted corporate harms to workers, consumers, communities and the environment. Joel Bakan, in his publication of “The Corporation” (2004) describes corporations as a dangerous mix of power and unaccountability, and analyses deeply the role of the corporations in the society and his academic work examines it on the social, historical, economic and political dimensions. Regarding the level of power that companies have obtained, he presented remarkable opinions:

“Corporations have become sufficiently powerful to pose a threat to governments”, says William Niskanen, chairman of the Cato Institute, and that is “particularly the case with respect to multinational corporations, who will have much less dependence upon the positions of particular governments, much less loyalty in that sense.” As Ira Jackson, former director of the Center for Business and Government at Harvard’s Kennedy School of Government, observes, corporations and their leaders have “displaced politics and politicians as... the new high priests and reigning oligarchs of our system”. And, according to Samir Gibara, former CEO of Goodyear Tire,

⁶ Interview with Oscar Olivera, made and cited by Bakan J., 2004, “The Corporation”, p.165.



“governments have become powerless [in relation to corporations] compared to what they were before.”⁷

This notion of the increasing mix of power and unaccountability that corporations are obtaining is relevant in our study lead us to reflect about why the level of responsibilities is not increasing in the same extent. In the contrary, the gap between power and responsibilities is growing. And nowadays, the raise of power without increasing responsibilities in its operations is translated into negative externalities on society as real cases have shown. This is now questioning how a number of corporations are embracing the rhetoric of CSR and are putting it in practice through a variety of activities, for instance using codes of conduct, ethics, principles and standards.

There is an increasing focus on examining social responsibilities. Business associations such as the World Business Council on Sustainable Development, CSR Europe, Business in the Community (BitC) and others are introducing several CSR related activities and events to increase corporate and societal awareness of the field. An increasing number of educational institutions offer courses in CSR, whilst a number of different authors, research studies, books, magazines and journals are focusing attention on CSR and its related matters. Currently the School of Business, Economics & Law at Gothenburg University is systematically integrating these issues into its activities. In that sense, the Center for Business in Society (CBiS) as part of the Gothenburg Research Institute and Chalmers University of Technology are undertaking research into collaborations among corporations and not-for profit nongovernmental organizations (NGO's) regarding an important subject of management research to conduct a study on the new roles and responsibilities of corporations in society.

⁷ Bakan, J., 2004. “The Corporation”, p. 26.



At the same time, politicians are contributing to the debate on CSR as well. In the Accountancy Ireland Journal in its publication on “Corporate Social Responsibility, What’s it really about?” according to Sam Idowu (2005) the present United Kingdom (UK) government continues to take a leading stance in CSR and has had in place a minister for it since March, 2000. Equally, politicians in Brussels have also been very active in the area of CSR. Several directives and green papers have been issued, for instance, *Promoting a European Framework on CSR* a green paper issued by the European Commission in July 2001.

Similarly, several non-governmental organizations (NGOs) have been very active in the area of CSR, policing different aspects of corporate and governmental activities to ensure that they do not fall short of accepted standards. Some examples are: Amnesty International, Green Peace, Friends of the Earth, World Wildlife Fund. For instance, in the case of Shell in Nigeria, since August 1993, in a series of suspicious incidents, soldiers have stormed Ogoni villages, brutally murdering men, women and children and destroying Ogoni property including homes and schools. To date, raiders have killed over 1,000 people and 30,000 have been made homeless⁸, Shell argues that recent conflicts and violent activity are disputes between neighbouring communities over territory. However, this has been rejected by Professor Claude Ake of the UN World Commission on Development and Culture who was appointed by the military to investigate the outbreaks of violence. As Professor Ake stated, such violence created an ethnic conflict between the people of Ogoni with the neighbouring Andoni⁹.

The Ogoni are attempting to force Shell to clean up their environment. This has been interpreted by many NGOs as a remit to allow foreign oil companies to continue drilling for oil in Ogoni without fear of demonstrations interrupting the flow of oil. Amnesty International recognizes that any company operating in a violent area such

⁸ Rowell, A., 1994, “*Shell-Shocked: The environmental and social costs of living with Shell in Nigeria*”.

⁹ *Ibid.*



as the Niger Delta is bound to face a range of problems. In addition, in its report called *Human Rights and Oil in Nigeria*, (2004) they explain the responsibilities of company as follow:

“Public scrutiny of the activities of global businesses led many companies to adopt codes of conduct during the 1980s and 1990s, and an emerging movement on corporate social responsibility led to numerous voluntary codes of more general application. However, voluntary codes of conduct, although a welcome signal of corporate commitment to socially responsible business conduct, have proved insufficient to ensure accountability in the case of human rights abuses. Many codes are very vague in regard to human rights commitments. As far as Amnesty International is aware, fewer than 50 companies even refer explicitly to human rights in their codes.”¹⁰

In this context, there have been conflicting expectations of companies' responsibilities to society and the implementation of CSR. For some people Corporate Social Responsibility is offered today as an answer to such concerns, for example, Ruggie (2002) underlines that today CSR allows international organizations and governing authorities, including the UN, to prevent history from repeating itself. Nonetheless, for others it is no more than just a marketing strategy. Egels (2005) emphasizes the important issue between the social responsibility and the dominance of the business interests, which make us question today whether socially responsible behavior is opposed to corporate image management or it is another activity aimed predominantly a business benefits? Even though the framework for successful CSR continues to be constructed, it is certainly that it presents corporations as responsible and accountable to society and thus purports to lend legitimacy to their new role in the society.

¹⁰ Amnesty International, 2004, *“Human Rights and Oil in Nigeria”*.



1.2 Purpose of the Study

As we mentioned previously, for those corporations which in 21st. century play an active role in internalising environmental and social concerns into their enterprise. The field of corporate social responsibility (CSR) appears to have become more important than ever before following the recent high profiled incidents around the world. For that reason, in our thesis, we examine CSR departments and managers in top Swedish firms regarding the new roles and responsibilities of corporations in society to perceive the influence of CSR in organizations. The purpose of the study therefore is concerning the theoretical, survey and interview findings in three levels; managerial, departmental and organizational levels. First, analyzing managers' characteristics and background will enlighten us to view who is in charge of CSR departments, second we will examine the influence level of CSR departments and compare to other departments within the organization which will lead us to understand overall picture of CSR departments' influence in organizational decisions. Lastly, through the results from two previous levels of analyses, we will be able to draw logical conclusions to distinguish organizational contribution in CSR movement, which we will also gain further knowledge of organizations' perception on CSR departments. Furthermore, the specific research questions will be presented following the theoretical findings. The development of the theoretical framework could give us better understanding of the subject that subsequently define what and how we will investigate the topic in the analysis section.

Delimitations of the study

The intention of this study is not to give definitive answers as to which influence methods work the best for managers to influence their superiors, instead we want to emphasize on power and influence status of CSR departments in organizations. The survey results and interviews analysis do not provide CSR departments' power status globally. Our research is part of a cross-national project in Sweden, the United States,



New Zealand, and Netherlands but the data collection is limited with Fortune 200 Swedish corporations, and there could be possibilities to associate the data collection with studies completed by other countries in the future studies. In addition, an important distinction between our research and wide-ranging influence researches is that the focus of much of wide-ranging researches on the top-down processes by which the corporate managers influence on subordinates in departmental level, whereas our focus in this study is on the upward influence of CSR managers and departments on corporate-strategy of large organizations.

Outline of the thesis

The structure of the thesis is divided into five main chapters. Each chapter includes, first, an introductory section, where we explain the content of the section; second, the development of the content is provided and lastly, we present a summary of what we had learned from the content. The first two chapters explain the relevance of the topic and the theoretical findings, which lead us to formulate our research questions. The third chapter includes the methodology applied in our study through survey and interviews, and lastly, the fourth and fifth chapters include the analysis of the results and the conclusions of the thesis.



2. THEORETICAL FRAMEWORK

In the following section we will present a description of CSR, its beginning and its changes during the last tree decades. In addition varied definitions will be exposed from both the literature given by different authors and the perceptions of CSR-term across the world. Further, we will explore the role of departmental power in upward influence methods, which we could be able to gain knowledge of power links of departments within organizations.

2.1 Corporate Social Responsibility

Although there is an increasing focus on examining social responsibilities, the dilemma still exists: what is meant by corporate social responsibility (CSR)? What is responsibility for and to whom and who is calling for firms to be socially responsible? Is it a strategic corporate image management or is there, in fact, social responsibility behaviour? Those are some questions that we would explore as well within the theoretical framework, to contrast experts' opinions that would lead us to understand the development behind of CSR.

There is no a universal definition of CSR, organisations and researchers have framed different definitions as well and there is several perceptions of the term according to the context locally and among the countries. We will begin by examining the debate about the nature of corporate social responsibility and current attempts to define CSR.

2.1.1 History of CSR

The need for companies to undertake activities considered as socially responsible has been discussed in the literature and has been a topic of academic studies for decades. Cannon (1992) discusses “the development of corporate social responsibility via the historical development of business involvement leading to a post-war re-examination of the nature of the relationship between business, society and government”. He



identifies that the primary role of business is to produce goods and services that society wants and needs; however there is inter-dependence between business and society in the need for a stable environment with an educated workforce. The former chairman of Marks & Spencer, Sieff Lord quotes:

“Business only contributes fully to a society if it is efficient, profitable and socially responsible.”¹¹

The idea of business as *part of the society* and its responsibility on the impacts that it creates *to the society* starts the discussion about whether or not the companies should undertake the accountability on their social responsibilities. In the next section, we will develop this discussion in-depth. However, it is important to mention that nowadays even though thousands of real cases demonstrated the threat and the negative consequences if a careless business behavior persists, there is still opposite opinions regarding the definition provided by Cannon previously.

According to Marlin and Marlin (2003), the term Corporate Social Responsibility is explained in three phases. First, the term was in common use in the early 1970's - although seldom abbreviated-. The second-phase is the social/environmental report and CSR reports represent the third-phase which involves more in-depth matters and actors.

The first phase of CSR reporting was composed of advertisements and annual-report sections in the 1970s and 1980s that paid respect to the environment. At this stage, the reports were not linked to corporate performance and they were leaving aside the reports that were less informative (Marlin and Marlin, 2003).

The second phase of CSR reporting began at the end of the 1980's as a result of scandals that faced some of the biggest corporations during that time. For example, in 1989 B&J firm commissioned a "social auditor" to work on a report covering 1988.

¹¹ Cannon, 1992, "Corporate Responsibility", p. 33.



This social auditor recommended that the report be called a "Stakeholders Report" (the concept of stakeholders existed and it was used to describe corporate owners beyond shareholders at least as long ago as 1989) but this was possibly the first-ever report to stakeholders. That it be divided into 5 major stakeholder categories: *Communities*, which included community outreach, philanthropic giving, environmental awareness, global awareness; *Employees*, *Customers*, *Suppliers*, *Investors*.¹²

The third phase of CSR reporting introduces not only third-party certification of the reports, but certification by bodies that are accredited to certify besides social or environmental standards. It breathes life into standards and on-site inspection, because social auditors are firms and people who are accredited by environmental or social accreditation bodies. "The new phase makes the social auditor at the same time both stronger and more circumscribed than the independent social auditor of the B&J time"¹³. When a violation is found, the facility is given a chance to take corrective action. Some of the violations are considered "small", some enough to put certification in jeopardy; the auditor must say which it is. The auditor returns to see that required corrective actions are made. Major problems are not allowed to remain year after year.

Marlin and Marlin (2003) explained that the three phases of CSR reporting overlap with the dating of the three "waves" of media coverage of CSR issues by Sustainability, because both were influenced by changing economic conditions (the preoccupation of corporations with oil shortages and inflation in the late 1970s pre-empted much progress on CSR issues). On the other hand, within the literature on CSR its development is explained by Frederick (1994), who identifies the development in the understanding of CSR within three main periods defined from CSR₁ to CSR₃. He refers to CSR₁ up to 1970 as an examination of "corporations'

¹² Marlin J.T. and Marlin A., 2003, "Corporate Social Responsibility", p. 5

¹³ *Ibid.*



obligation to work for social betterment”. However, around 1970 he notes a move to “corporate social responsiveness”, which he calls CSR₂. He defined corporate social responsiveness as “the capacity of a corporation to respond to social pressures”¹⁴. In effect the move from CSR₁ to CSR₂ reflects a move “from a philosophical approach to one that focuses on managerial action”¹⁵ that is, will the firm respond and how the firm will do it.

Latterly, Frederick (1986) has developed this analysis to include a more ethical base to managerial decision taking in the form of corporate social rectitude and terms this CSR₃. In this development, Frederick claims that the study of business and society needs an ethical anchor to “permit a systematic critique of business's impact upon human consciousness, human community and human continuity”¹⁶. As part of a normative manifesto, he proposes that the “claims of humanizing are equal to the claims of economizing”¹⁷. This approach is thus fundamentally different to that proposed by the neo-classical economists to whom the *only* corporate responsibility is focus on maximization of benefits reflected in the views of Milton Friedman. We will develop this perspective below when we emphasize the different theories behind CSR as arguments and counterarguments around CSR.

2.1.2 Definition of CSR

In the literature on CSR different authors described it in different ways. There is no a universal definition of CSR, organisations have framed different definitions and there is several perceptions of the term according to the context locally and among the countries. According to Egels (2005), the area defined by advocates of CSR increasingly covers a wide range of issues such as plant closures, employee relations, human rights, corporate ethics, community relations and the environment. Indeed,

¹⁴ Frederick, W.C., 1994, “From CSR₁ to CSR₂”, p. 150.

¹⁵ Carroll A.B, 1979, “A three-dimensional conceptual model of corporate performance”, p. 502.

¹⁶ Frederick, W.C., 1986, “Toward CSR₃; why ethical analysis is indispensable and unavoidable in corporate affairs”, p.132.

¹⁷ *Ibid.*



CSR Europe, a membership organization of large companies across Europe, in its reporting guidelines looks at the areas of workplace (employees); marketplace (customers, suppliers); environment; community; ethics; and human rights.

According to Ruggie (2002), CSR is a strategy for demonstrating good faith, social legitimacy, and a commitment that goes beyond the financial bottom line. Baker (2005), states that CSR is about how companies manage the business processes to produce an overall positive impact on society, in accordance with, the World Business Council for Sustainable Development (WBCSD) that states, "Corporate Social Responsibility is the continuing commitment by business to behave ethically and contribute to economic development while improving the quality of life of the workforce and their families as well as of the local community and society at large."¹⁸ In the opposite, Frederick (1994) explained a move from Corporate Social Responsibility to "Corporate Social Responsiveness" defined as "the capacity of a corporation to respond to social pressures".¹⁹

The World Business Council for Sustainable Development, in its publication "Corporate Social Responsibility: making good business sense" by Holme and Watts (2002) provided different perceptions of what CSR should mean from a number of different societies. For example, "CSR is about capacity building for sustainable livelihoods. It respects cultural differences and finds the business opportunities in building the skills of employees, the community and the government" from Ghana, through to "CSR is about business giving back to society" from the Philippines.

The views across the world on the understanding of CSR differ considerably. In North America, the goal of the company is focus on the profitability of the company and "once you have achieved 'success' you give back". In contrast, the perception from Central and South America showed that "CSR is about taking personal responsibility for your impacts on society" and "it's about business contribution to better living

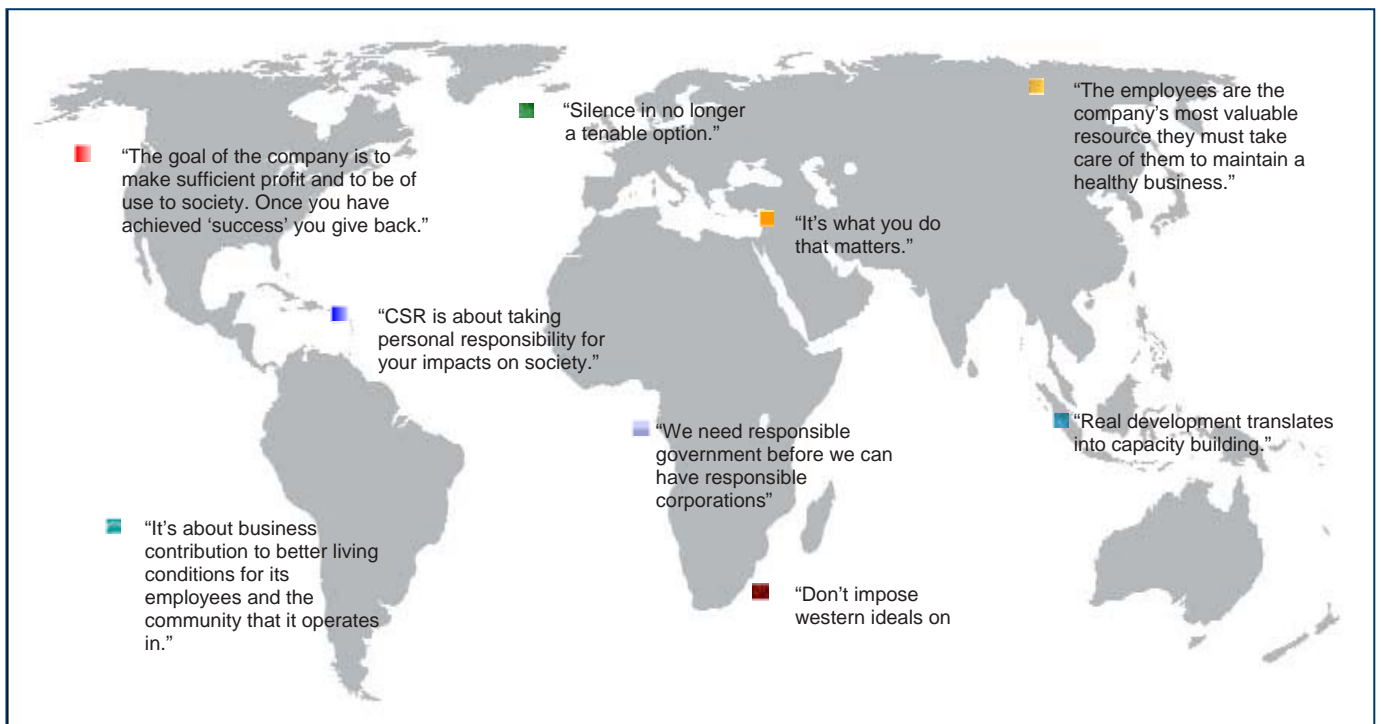
¹⁸ Holme, L. and Watts, R. 2002, "Corporate Social Responsibility: Making Good Business Sense", p. 8.

¹⁹ Frederick, W.C., 1994, "From CSR₁ to CSR₂", p. 150.



conditions for its employees and the community that it operates in”, respectively. More differences on the perception of CSR from east to west societies are defined by the World Business Council for Sustainable Development as following:

Views from across the world



Source: World Business Council for Sustainable Development, 2003, *“Corporate Social Responsibility”*.

Similarly, a study of CSR activities made by the Japan Industrial Policy Research Institute (JIPRI, 2003) indicated comparisons of the concept of driving CSR between Japanese, U.S. and European Companies. The results showed different perceptions on the CSR conception which drawn in differences in the significance of CSR and consequently differences on the coverage of the CSR activities. According to JIPRI (2003) Japanese, U.S. and European companies have their own unique ways of accepting CSR. Japanese companies have relatively limited perspective of CSR as they include acceptable product and service offerings, legal compliance, ethic



conduct, profitability, tax payment and other topics directly related to corporate profit-making activities in the scope of CSR. They attach less importance to CSR as a tool of maintaining corporate profitability similar as U.S., though its priority remains high in the current economic climate. This implies that the Japanese companies view the cost of CSR implementation as the "one a firm has to pay as a member of the society" because CSR costs more than it pays.

The differences among countries reported by JIPRI (2003) and the World Business Council on Sustainable Development (2002) lead us to think that the definition of CSR and its interpretation will also be based on the practices and beliefs of each country, accordingly, although there is powerful potential for CSR to make a positive contribution to addressing the needs of disadvantaged communities, there are ways in which CSR could, whether by mistake or design, damage the same communities and create opposite results. For instance, expressions against the CSR are found as well such as it is shown on the map above in the South Africa area: "Don't impose western ideals on". Nevertheless, as Ite E. Uwem (2004) mentioned, proponents of CSR are intense to demonstrate that business has responsibilities beyond the production of goods, services and profit making, and that socially responsible business can help to solve important social and environmental problems.

2.1.3 Arguments and Counterarguments on CSR

Counterarguments on CSR attempt to show that CSR distorts the market by deflecting business from its primary role of profit generation. Henderson (2001), formerly chief economist at the OECD (Organisation for Economic Cooperation and Development), stated, "a new conception of 'Corporate Social Responsibility' has caught on across the world. It is based on false beliefs and poses a threat to the market economy"²⁰ and this is seen as potentially quite dangerous according to Martin Wolf (2004) in his explanation on Corporate Social Responsibility in the New Zealand Business

²⁰ Henderson, D., 2001, "The case against Corporate Social Responsibility", p.1.



Roundtable. Such arguments further maintain, for example, that the role of business determines its responsibilities. As such, business has no social responsibility beyond compliance with the law.

Whether or not business should undertake CSR, and the forms that responsibility should take, depends upon the economic perspective of the firm that is adopted. Those who adopt the *neo-classical* view of the firm would believe that the *only* social responsibilities to be adopted by business are the provision of employment and payment of taxes. This view is most famously taken to the extremes of maximizing shareholder value and reflected in the views of Milton Friedman (1962):

“Few trends would so thoroughly undermine the very foundations of our free society as the acceptance by corporate officials of a social responsibility other than to make as much money for their shareholders as they possibly can”.²¹

The most discussed aspect of the classical view is the idea that the primary goal and motivating force for business organizations is profit. According to the classical view, the primary criteria of business performance are economic efficiency and growth in the production of goods and services. This view -which dominated the nineteenth century- isolated business activities and business organizations from other kinds of activities.²² Following this perspective, based on Holmes (1976), business organizations and businessmen were not expected or encouraged to serve the same goals as other organizations in a pluralistic society, and the goals of business were relatively clear-cut.

This notion of maximization of benefits as a core and “*only*” responsibility for the companies is nowadays under debate. In real cases the profit-oriented perspective without others accountabilities have shown huge damages and negative consequences not only for the environment, civil society and governments but also large costs for the companies itself. An alternative perspective of the firm following Cyert, Dill and

²¹ Friedman, M., 1962, “Capitalism and Freedom”, p. 133.

²² Holmes, S., 1976, “Executive Perceptions of Corporate Social Responsibility”, p.34.



March (1958) might view corporate social activity from a standpoint that examines the political aspects and non-economic influences on managerial behaviour. This might also be extended to examine personal motivations, such as the Chairman's personal preferences or alternatively some of the critical perspectives associated with the exercise of power. This approach has two identifiable strands of development. The first is associated with some form of moral or ethical imperative that because business has resources, it is part of the role of business to assist in solving social problems. Thus, Holmes (1976), in a study of executive attitudes to social responsibility, finds that that “in addition to making a profit, business should help to solve social problems whether or not business helps to create those problems even if there is probably no short-run or long-run profit potential”.²³

It is interesting to note, in particular, the reference to social legitimacy, which implies that there is some form of social expectation that a legitimate business would act in a particular manner in effect some form of social contract. As Egels (2005) states: “This leaves open the issue of whether those advocates of enlightened self-interest are motivated by the profit motive advocated by Friedman and thus agree with him and regard greater CSR as the manner in which to achieve maximization of shareholder wealth, or whether there is an underlying moral or ethical imperative”²⁴. This tension is evident in current attempts to address the nature of Corporate Social Responsibility and therefore its consequences.

²³ Holmes, S., 1976, “Executive Perceptions of Corporate Social Responsibility”, p.37.

²⁴ Egels, N., 2005, “Sorting out the mess: A review of definitions of ethical issues in business”, p. 14.



2.2 Influence and Power

As previously mentioned, in our research we investigate the influence of CSR Department and its manager to determine the role of CSR Department in organizations. In the beginning of our research, we have found that most of the literature about power and influence exist on downward influence methods and leaderships styles. However, we intend not to focus on leadership styles, rather we explore upward influence methods, which we could be able to gain knowledge of power links of CSR departments within organizations. As Gamson (1968) suggested, the power to attain personal, group, or organizational goals should not be restricted to downward influence in organizations and according Kanter (1977), the upward influence ability of sub-unit may be an essential ingredient of organizational effectiveness.

2.2.1 Role of Power and Influence in Organizations

The study of power and its effects is important to understand how organizations operate but then again, it is a difficult concept to define and study. It is possible to interpret every interaction and every social relationship in an organization as involving power (Mintzberg, 1983). How organizational sub-units and individuals are controlled is related to the issue of power and influence. For Bachrach and Baratz (1970), influence is a function of power without the use of actual or threatened sanctions. Power is defined as the ability of one individual, function, or division to influence another individual, function, or division to do something that it would not otherwise have done (Dahl, 1957). Kanter (1979) argues that power fundamentally is the ability to mobilize resources to get things done. It is thus implied that managerial power is positive in terms of its output. The opposite of power is not freedom, but stagnation, immobilization; “where the power is ‘off’ the system bogs down” (Kanter, 1979). Kanter’s argument suggests that the oppressive actions that we often label as power are more likely to be the result of a lack of power – that lack of the suppliers, information and support needed to make things happen. According to Yukl (1998),



power is the capacity to influence the attitudes and behavior of people in the desired direction. Authority is the right to influence others in specified ways, and it is an important basis for influence in formal organizations. However, to employ the word “power” in thesis that is made with Swedish companies demands understanding how the notion of power is observed in Sweden. In a remarkable study of Czarniawska-Joerges (1988) explains that the word “power” in Swedish organizational level described as some sort of natural, almost biological phenomenon, which comes into being without any connection with human but, can and should be controlled by humans. Alternatively, power considered rather as negatively charged concept in both political and organizational surroundings. According to the Czarniawska-Joerges, in political circumstances when *power* related issues had to be discussed in a positive way, they were usually called as *responsibility*. In organizational settings, nobody was called “power-hungry” or “power-seeking”; sometimes such expression could be used in relation with a group but did not seem to have any relation to specific individuals.

“Power in Sweden is a social taboo, something to be discussed exclusively in impersonal terms, (...) in the sense that nobody wants it and yet it happens”.²⁵

As we observe in various author’s arguments above, power is a difficult concept to define but certainly an important element to gain influence, and effects of power may result in a different way depending on organizational size, culture, and complexity.

2.2.2 Strategic Contingencies Theory

In terms of corporations, distinction between levels of strategy is reflected in the multidivisional structure of organizations. The multidivisional structure allows the Chief Executive Officer (CEO) and the “corporate office” to set corporate strategy, while delegating more detailed matters to the managers of departments. Moreover, these business unit managers may be formulators of business strategy; they are implementers of corporate strategy. In addition, strategic contingencies theory explain

²⁵ Czarniawska-Joerges, B., 1988, “Power as an Experiential Concept”. p. 40.



how some organizational sub-units gain or lose power to influence important decisions such as selection of the chief executive, determination of the organization's competitive strategy, and the allocation of resources among sub-units and activities (Hickson et al., 1971). The theory of strategic contingencies was introduced by Hickson, Hinings, Lee, Scheneck and Pennings in 1971.

“In the theory, power is based upon a department's ability to deal with actual or potential organizational problems and is derived from some unspecified combination of three determinants: (1) a department's ability to reduce unpredictability ensuing from its lack of information about the future events, or its ability to cope with uncertainty; (2) the flow of information and work between departments, or its centrality; and (3) the difficulty with which the activities of a department' may be performed by an alternate department, or its non-substitutability. Departments employ these determinants to accrue power and gain control of activities of other departments which describes a strategic contingency”.²⁶

In Hickson's (et al., 1971) strategic contingencies theory, *uncertainty and coping with uncertainty* was defined as a lack of information about future events, so that alternatives and their outcomes are unpredictable. Organizations deal with environmentally derived uncertainties in the sources compositions of inputs, with uncertainties in the processing of throughputs, and again with environmental uncertainties in the disposal of outputs. They must have means to deal these uncertainties for adequate task performance such ability is called coping. Crozier (1964) proposed that uncertainty itself does not give power; coping gives power. If organizations allocate to their various subunits that cope most effectively with the most uncertainty should have most power within the organization. Besides, Cohen and Lachman (1988) suggest that control over the structural conditions of coping with organizational or sub-unit uncertainties, network or workflow centrality, and non-substitutability will provide a sub-unit with power, when these conditions are of strategic importance to the organization. The term *substitutability* or *non-substitutability* defined as the ability of the organization to obtain alternative

²⁶ Saunders, C.S., 1990, “The Strategic Contingencies Theory of Power”, p. 1



performance for the activities of a sub-unit and as a hypothesis; lower the substitutability of a sub-unit, greater its power within the organization. In addition, Lachman (1989) proposed that a sub-unit is regarded as non-substitutable when no alternatives are available to its activities and function. A sub-unit may become non-substitutable by monopolizing specialized knowledge or by attaining a particular position within the workflow links whereby it becomes functionally indispensable, thus increasing the dependence of other sub-units on it. If view of organizations as systems of interdependent roles and activities, then the *centrality* of a sub-unit is the degree to which its activities are interlinked into the system. By definition, no sub-unit of an organization can score zero centrality. It is the idea that the activities of a sub-unit are central if they are connected with many other activities in the organization and it describes the extent of task interactions between sub-units in an organization. Regarding to hypothesis of centrality, the higher pervasiveness and immediacy of the workflow of a sub-unit expand its power within the organization. Nonetheless, the concept of *controlling* these three dimensions in strategic contingency is a key element in the theory.

Nineteen years after the Hickson's model, Saunders (1990) test on strategic contingencies theory gives us an alternative perspective. In the alternative perspective, the theory has been modified to include control of strategic contingencies as a moderating variable in the relationships between power and its determinants. Saunders' moderating effect shows us that the ability to predict power will be significantly improved by considering the interaction between the *control of strategic contingencies* and *capacity of power*. Departments with high control of strategic contingencies and high capacity for power will be associated with higher levels of power than departments with low control of strategic contingencies and high capacity for power. On the other hand, departments with low control of strategic contingencies and low capacity for power will be associated with higher levels of power than departments with low capacity for power and high control of strategic contingencies.

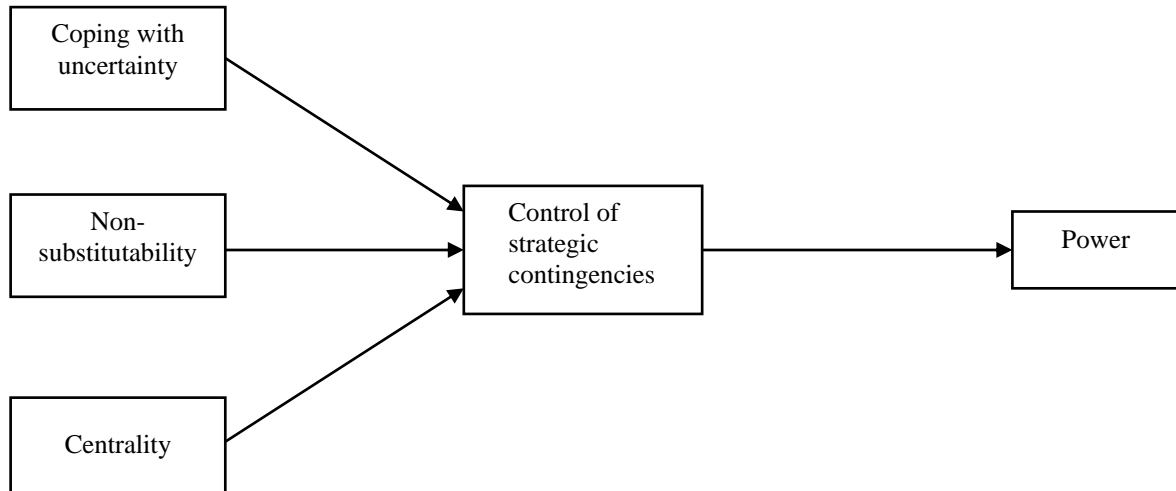


Figure 2. Original theory of strategic contingencies (Hickson et al., 1971).

Hickson's (et al., 1971) and Saunders' (1990) strategic contingency models demonstrate the differentiation between two perceptions. In other words, Hickson's model argues that departments must contain three particular dimensions and power only be gained by controlling these contingencies. On the other hand, in Saunders' modified model below, besides controlling three contingencies to gain power, also ability to predict power could be significantly improved by considering the interaction between the *control of strategic contingencies* and *capacity of power*.

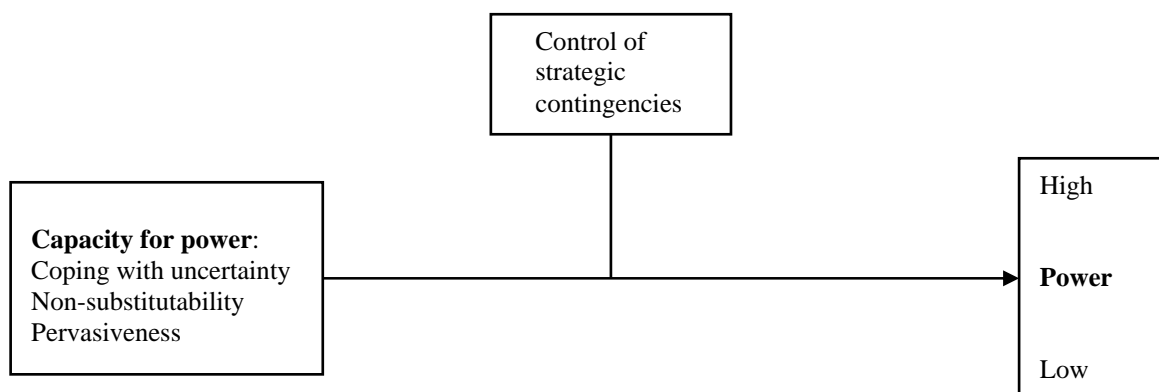


Figure 3. Modified model of theory of strategic contingencies Saunders (1990)



In addition to strategic contingencies models, Yukl (1998) point out the significance of contingencies for corporations;

“All organizations must deal with critical contingencies, especially problems in the technological processes used to carry out operations and problems in adapting to unpredictable events in the environment. Success in solving important problems is a source of expert power for sub-units, just as it is for individuals. The opportunity to demonstrate expertise and gain power from it is much greater for a sub-unit that has responsibility for dealing with critical problems. A problem is critical if it is clearly essential for the survival and prosperity of the organization. People with valuable expertise are more likely to be appointed or elected to positions of authority in the organization. Sub-units with expertise are likely to have more representation on boards or committees that make important decisions for the organization.”²⁷

In this study, we focus on a specific form of upward influence. A study of upward influence can also be found in several other researches such as Bower (1970), Yukl (1998), and Kanter (1977). Bower (1970) in study of -the resource allocation process in multi-business firms- found that although resource allocation may culminate in a decision taken by corporate management, it is more accurately viewed as a process involving multiple tasks and multiple levels of the organization. Indeed, upward influence is the foundation of a stream of literature demonstrating the importance in strategy formulation of bottom-up processes as well as top-down processes. Furthermore, Krone, Jablin, and Putnam (1987) suggest that organizational communication is another element need to be considered in terms of upward influence. Organizational communication is a specific form of communication between department managers and corporate managers such as the CEO. According to Ocasio (1997), in order for middle managers to influence corporate strategy, it is necessary (although far from sufficient) that their attention is on matters of corporate strategy (as well as on matters of the strategy, structure, and processes for their

²⁷ Yukl, G., 1998, “Leadership in Organizations”, p. 155



specific businesses), and that their influence attempts gain the attention of the CEO. In upward influence, managerial attention will be a continuing subject matter and requires the attention of both the sender and the receiver.



2.3 Theoretical Framework Linked to Research Questions

In this section, we will develop our research questions based on the theoretical findings. The opinions provided by different authors showed that the framework of Corporate Social Responsibility is still in development phase. Several definitions and different perceptions across the world had been provided, even though the matter of CSR and its influence within organizations are relevant and should be taken into consideration due to the implications that it has on the companies and the society as we explored in the “*water war*” case presented in chapter 1.

In terms of influence and power viewpoint, theoretical findings made us recognize that employees and departments within the organization are faced with the task of influencing their superiors and gaining compliance. By using influence effectively, they can secure desired results and resources from their superiors. According to scholars and researchers use of appropriate upward influence strategies could also contribute effective departmental reflection on organizations’ short and long term planning. Researchers point out direct relations among power, influence and controlling three dimensions of contingencies can facilitate the process of upward influence.

The aim of the study is to examine CSR departments and managers in top Swedish firms regarding the new roles and responsibilities of corporations in society to perceive the influence of CSR in organizations. Based on the theoretical findings we will examine the results in three levels in the analysis chapter to answer such questions; first, we want to discover *what are the characteristics and background of CSR managers*. Analyzing managers characteristics and background will enlighten us to view who is in charge of CSR departments, in the second question, we will investigate *how much influence CSR departments have regarding to short and long-term planning of corporations*. In this level we will examine the influence level of CSR departments and compare to other departments within the organization relating



to theoretical findings, survey results, and interviews which will lead us to understand overall picture of CSR managers' and departments' influence in organizational decisions. Lastly, through the results from two levels of analyses we will try to find if *CSR departments are part of the core section in strategic decision making of the firm? Or if it is not, what are the reasons behind those organizations developing CSR departments today.* Significance of this level for the overall thesis is that we will be able to draw logical conclusions to distinguish organizational contribution in CSR movement, which we will also gain further knowledge of organizations' perception on CSR departments.



3. METHODOLOGY

In problem definition chapter, we constructed a guideline of what to investigate through out the data analysis and in this chapter of methodology; we present how to move towards answering these problems. Our research is conformed by two types of data collection, questionnaires and interviews information. First, the empirical data is collected by a survey to the top Swedish firms. And the second one is based on qualitative information collected by interviews to CSR/Environmental managers. The combination of both, surveys and interviews will provide a wide extent examination of the CSR influence within the firms. The theoretical data was collected from books and journals in the study area of organizational behaviour, organizational communication, management studies, and business ethics.

3.1 Survey to Top Swedish firms

The empirical research is part of a large international cross-national project in Sweden, the United States, New Zealand, and Netherlands conducted by the Center for Business in Society (CBiS) as part of the Gothenburg Research Institute and Chalmers University of Technology to gather baseline data on corporate/firm relationships with NGO's. In our thesis we were concentrated our study in Sweden analyzing the firm perspective to understand the Corporate Social Responsibility (CSR) influence within the top *Swedish* firms.

The methodology of the quantitative data was explained in two sections. The first one includes the data collection process; from the process to select the sample until obtain the data base results. And the second section includes the statistics methods and test that applied to analyze the data.



3.1.1 Data Collection

The research was conducted via a web-based main survey of senior corporate managers. We developed additional categories and questions that are included in that main survey²⁸. The survey was based on a questionnaire, which was about 45 minutes to complete, and it was strictly confidential. The study provided aggregated statistics of the results; we will not analyse the companies' situation individually.

The sample of the companies was selected from the Swedish Fortune 200 companies. The Swedish Fortune 200 companies' directory is an equivalent of yearly-published Fortune 500 directory which created by Fortune Magazine's data collection. In Sweden, the data comes from Affärsdata. All included companies on the list must publish financial data and must report part or all of their figures to a government agency. Private companies and cooperatives that produce a 10-K (detailed annual report which includes information such as company history, organizational structure, equity, holdings, earnings per share, subsidiaries, etc.) are included in the list. Revenues are as reported, including revenues from discontinued operations when they are published on a consolidated basis (except when the divested company's revenues equal 50% or more of the surviving company's revenues on an annualized basis). The revenues for commercial banks and savings institutions are interest and non-interest revenues. Revenues for insurance companies include premium and annuity income, investment income, and capital gains or losses, but exclude deposits. Revenues figures for all companies include consolidated subsidiaries and exclude excise taxes. Data used are for the fiscal year ended on or before Jan. 31, 2005. From the beginning, all the companies from the list were contacted to participate in the study, which ended with a total sample of 70 companies answering and fulfilling the survey.

²⁸ See Appendix II



3.1.2 Statistics methods and Tests

The selection of the statistics methods and test that we applied to analyse the data differ in each case. At the beginning, we classified the variables in 3 major groups to differentiate our analysis into 3 levels; 1) organizational level, 2) department level and 3) the manager level, all of them will lead us to understand the complete CSR-movement within the organization. The methods and statistics tests used within each category are based on different statistics. First, we started providing the characteristics and describing the situation in each level. Secondly, we verified the correlation between variables. Subsequently, we applied Friedman Test and Principal Component Analysis to analyse the influence of CSR department.

In order to provide an analysis of the situation in each level and to identify the relation between variables, the Pearson correlation coefficient, besides cross-tab and descriptive statistics, were used at the beginning of each analysis. The tables of the correlations in addition with the Pearson coefficient theory are included in the appendix III.

We used the Principal Component Analysis to identify how many departments under our survey explained most of the influence level regarding strategic decision making within the organization. Further, we complement our analysis with the application of Friedman analysis to identify which are those departments and how are they ranked.

All the methods were analyzed through the application of the SPSS statistic program. Following, the methods used in the study are explained theoretically in statistical terms, based on the “SPSS book: A Student Guide to the Statistical Package for the Social Science” written by Mathew Zagumny (2001). Further, an analytical explanation is provided to examine the results, the procedures of its applications and their validity.



a) Principal Component Analysis

This procedure simultaneously quantifies categorical variables while reducing the dimensionality of the data. Categorical principal components analysis is also known by the acronym (CATPCA), for categorical principal components analysis.

The goal of principal components analysis is to reduce an original set of variables into a smaller set of uncorrelated components that represent most of the information found in the original variables. The technique is most useful when a large number of variables prohibit effective interpretation of the relationships between objects (subjects and units). By reducing the dimensionality, you interpret a few components rather than a large number of variables.

Standard principal components analysis assumes linear relationships between numeric variables. On the other hand, the optimal-scaling approach allows variables to be scaled at different levels. Categorical variables are optimally quantified in the specified dimensionality. As a result, nonlinear relationships between variables can be modeled.

Communalities Table

Communalities indicate the amount of variance in each variable that is accounted for. This table is specified by two parameters – Initial communalities and Extraction communalities-. Initial communalities are estimates of the variance in each variable accounted for by all components or factors. For principal components analysis, this is always equal to 1.0 (for correlation analyses) or the variance of the variable (for covariance analyses). Extraction communalities are estimates of the variance in each variable accounted for by the factors (or components) in the factor solution. Small values indicate variables that do not fit well with the factor solution, and should possibly be dropped from the analysis.



The table below is used as example that give details on how the total variance is explained using the principal component method. For the initial solution, there are as many components or factors as there are variables. The second column - "Total" column- gives the amount of variance in the observed variables accounted for by each component or factor. The second one - "% of Variance" column - gives the percent of variance accounted for by each specific factor or component, relative to the total variance in all the variables. The "Cumulative %" column gives the percent of variance accounted for by all factors or components up to and including the current one.

Components	Total Variance Explained		
	Total	% of Variance	Cumulative %
1	2,547	36,392	36,392
2	1,292	18,464	54,856
3	1,121	16,000	70,866
4	0,900	12,854	83,720
5	0,510	7,283	91,002
6	0,433	6,191	97,193
7	0,196	2,807	100,000

Extraction Method: Principal Component Analysis.

In a good factor analysis, there are a few factors that explain a lot of the variance and the rest of the factors explain relatively small amounts of variance. During the analysis we will also present the factor analysis scatter plot, that chart shows the eigen-values for initial components or factors. It is used to help determine the optimal number of factors or components to retain in the solution.

b) Friedman Test

The Friedman test is a Test for Several Related Samples Test Types (TSRSTT). According to literature reviewed; three tests are available to compare the distributions of several related variables; Friedman Test, Kendall's W. and Cochran's Q. A



comparison between them is provided to identify which method is appropriate in our study.

In Friedman tests the hypothesis is that k related variables come from the same population. For each case, the k variables are ranked from 1 to k . The test statistic is based on these ranks, which coincide with our ranked variables within the analysis of influence of CSR at the department level. The values of Friedman test are ranked for each variable, and provide an average rank for each variable where low ranks correspond to low values of the variable. In despite, Kendall's W is interpretable as the coefficient of concordance, which is a measure of agreement among raters. For each variable, the sum of ranks is computed. Each case is a judge or rater and each variable is an item or person being judged, which is not suitable to our study. Finally, Cochran's Q is identical to Friedman test but is applicable when all responses are binary. It is an extension of the McNemar test to the k -sample situation. Cochran's Q tests the hypothesis that several related dichotomous variables have the same mean. The variables are measured on the same individual or on matched individuals.

In our study, the responses are not binary therefore we could not apply Cochran's Q test. On the other hand, the coefficient of concordance given by Kendall's W is not helpful to analyse a ranked level of influence at the departmental level as Friedman test does, which lead us to conclude that Friedman test is the appropriate method to be applied in our study in concordance to the characteristics of the variables and the goal of the research.

3.2 Interviews to CSR managers

In addition to the empirical sources, we expanded the study with first hand data. We conducted four interviews with managers in social/environmental departments of four corporations in three different industries: manufacturing, transportation and logistics



and pharmaceutical research and development industry. The companies and the departments, which participated in the interviews, are listed as:

- Manager of Corporate Citizenship Department, Volvo Cars Corporation
- Director of SHE Department, AstraZeneca AB in Sweden
- Corporate Sustainability Manager, Stena Rederi AB
- Quality, Risk and Environment Department, Schenker AB

The respondents were part of large corporations in and out of the top Swedish company list given by the Swedish Fortune 200 companies' directory. The purpose of the interviews is mainly to bring opinions of experts supporting or contrasting our empirical data. All interviews were carried out face-to-face method, based on a guideline questions and informal discussion.

The interview guideline was divided into three main categories²⁹. The first one, provided information regarding the background and characteristics of the CSR manager, which we linked with the analysis of the managerial level. The second category included questions related to the status and role of CSR departments in organizations to find out what kind of social responsibilities does their company have and if CSR departments should take a core role in organization's strategic decision making. Lastly, in the third category we approached CSR influence through the theoretical perspective based on the strategic contingency theory to find out into what extent can CSR department influence or change the 'decisions' that will be put into actions and what kind of changes would happen if CSR department were not existed today.

All the interviews have been tape-recorded and printed soon after, which will be return back to the responders to validate the results. Interviews findings are presented

²⁹ See Appendix I.



and utilized in analysis chapter to support data results and theoretical findings with first hand expertise opinions.

3.3 Validity of Results

Regarding the interviews, we have prioritised to conduct interviews with CSR managers in despite of other personnel to gain further knowledge from their expertise and familiarity in the field of corporate social responsibility. As mentioned before, all interviews have been tape-recorded and transcribed soon after; printed documents including questions and answers will be returned back to interviewees to verify the reliability of the results.

In terms of survey compilation, each participant was given 15 days to complete and submit the survey. A follow up of the survey results was made; participants who did not submit during the given period were contacted by e-mail and telephone twice and enquired to submit or asked for reasons of incompleteness. At the same time, the responders provided comments and observations in the questionnaire. For example, some of the reasons for not participating in the study or reasons of incompleteness were due to the time required to complete the survey.

In order to analyze the trustworthiness of the methods used, we identified which methods were suitable in our study. In order to identify an appropriate method, different tests were compared based on the characteristics of the variables and the goal of the study. In the previous section, we showed the differences between Friedman test, Kendall's W. and Cochran's Q tests and we explained the reasons which lead us to choose Friedman's test in despite of the others that could be applied in similar situations. We could not apply neither Cochran's test nor Kendall's W test because the responses are not binary and the coefficient of concordance is not useful to analyse a ranked influence at departmental level. In contrast, Friedman's test was



found to be the appropriated method for our study and fitted well to the type of the variables, the sample and the goal of the research.

Regarding the consistency of the data, a codification of the questionnaire's answers was made to set them into the SPSS program. By examining the complete data base before the analysis of the results, we observed that, in accordance to Zagumny (2001), the data must contain at least three valid cases. The analysis is based on positive integer data. According to the mentioned author, the discretization option will automatically categorize a fractional-valued variable by grouping its values into categories with a close to "normal" distribution and will automatically convert values of string variables into positive integers. In addition, the reliability of the results was validated at several stages during the application of the statistical methods. It is difficult to summarize them all in this section, without their specific context; therefore the consistency of the results is also explained in the respective section in the analysis chapter. Furthermore, the consistency of the models were also examined; an analysis of correlation was applied previously to verify the linear relationship between variables, which is assumed in both, *Friedman test* and *standard principal component analysis*. By using the Principal Component Analysis, we could complement the findings of Friedman test and verify if the variables and the model fitted well to our sample. For example, according to the reviewed literature, in a good factor analysis there are few factors explaining most of the variance and the rest of the factors explaining relatively small amounts of variance³⁰, in our case we identified that just 2-3 out of 7 factors explained more than 70% of the variance confirming the theory on the reliability of the model and given an appropriate percentage of "explained variance" to support the results. More features, provided by outputs of the SPSS program application, are explained with more detail during the analysis of the results.

³⁰ Zagumny, M., 2001, "*The SPSS Book: A Student Guide to the Statistical Package for the Social Science*".



4. DATA ANALYSIS

In this chapter, we will analyze the results of interviews and data collection in three categories. In first part of the analysis, we will provide a description of managerial level by given explanation of CSR department managers characteristics, second we will examine the influence level of CSR departments and compare to other departments within the organization relating to theoretical findings, survey results, and interviews which will lead us to understand overall picture of CSR departments' influence in organizational decisions. Lastly, through the results from two levels of analyses, we will be able to draw logical conclusions to distinguish organizational contribution in CSR movement, which we will also gain further knowledge of organizations' perception on CSR departments.

4.1 Managerial Analysis

The survey results regarding to managerial characteristics and background questions indicated that most of the managers have an extensive period of work experience and have been worked in average of 3 different positions previously in organizations before they situated as CSR managers. The results show that average age of managers is 47 year old by 25 years old being the lowest and 61 years old being the highest age. In addition to descriptive characteristics of managers, the results indicated, the CSR manager in Swedish organizations of the sample are represented from 4 nationalities; Swedish, Norwegian, Finnish, and American given by 88.6%, Swedish, 2.9% Finnish and Norwegian, and by 1.4% American managers. Furthermore, we gained knowledge from the interviews concerning the requirements to become a CSR manager. There was no evidence of formal criteria to choose a CSR manager, or a written code of requirements considered necessary to fulfill the position besides a wide work experience and the knowledge of the company, as the Quality, Risk and Environment Manager of Schenker AB mentioned:



“I have been involved with CSR more or less by coincidence. I have been within this company more than 25 years. I had been studying communication... This company is a big company and you have to have good knowledge of how the company works, and you also have to be able to communicate ... I become involve with CSR as an external job, I applied for the job and I got it.”³¹

Even though we did not find any formal criteria to be selected as CSR manager, in 3 out of 4 interviews we found several common factors that managers in CSR position must know, first, internal structure and activities of company, secondly, their particular industry of business, and thirdly, expectations of the society and the capability of their firm to fulfill these expectations. In comparison with the theories, CSR managers’ perceptions of corporation differ to that proposed by the neo-classical economists to whom the *only* corporate responsibility is focus on maximization of benefits reflected in the views of Milton Friedman (1962), Henderson (2001) and Wolf (2001). Besides their responsibilities and duties at their firm, most of the managers are also actively participating in several different non-profit organizations regarding to environmental and social subject matters. Similarly, the survey results indicate that besides work, 82.4% of CSR managers currently participate in NGO’s activities, which reflect on building a bridge between the society and organization as major duty for their corporations.

Another characteristic that we found regarding the CSR managers is that they consider their roles as communicators as the Corporate Citizenship Manager of Volvo Cars AB commented within his overall view to describe managers’ characteristics:

“CSR managers are young women (8 out of 10) who are really dedicated to social and environmental issues but working with very small resources. Usually they work in the company at least few years before they are elected as CSR managers. One of the important things is that they have to know the company inside out and they have

³¹ Monica Jadsen , (Quality, Risk and Environmental department) Schenker AB, Interview.



to be excellent communicators internally and externally. CSR manager also have to be very inspiring and have a great network outside of the company”³².

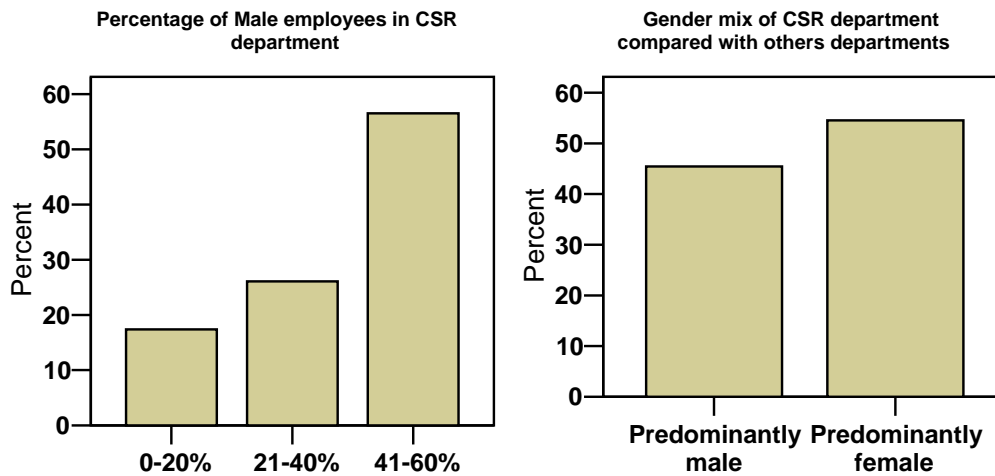
In similar to Krone, Jablin, and Putnam’s (1987) suggestion, organizational communication is another element need to be considered in terms of upward influence. Even though communication presented by authors as one of the tools to increase influence in organizations, CSR managers in Sweden are not keen to use this particular tool to gain personal power. The reason could be explained by cultural differences as Czarniawaska-Joerges (1998) states, in Sweden, power is usually an unenthusiastically perceived concept, which discussed more at group level and exclusively in impersonal terms.

In addition, interviewees point out an individual uniqueness about their managerial position compare to other departments that since they have advanced relations outside of the company, they sometimes experience difficulties to adjust their own ambitions and the organization perception of dealing with the social issues.

4.2 Departmental Analysis

Regarding the description of the characteristics at the department level in the sample, the gender distribution analysis identify that percentage of male managers is higher than female managers in our sample given by 60% male to 40% female. In CSR department, even though male employees in CSR department indicates much higher rates than female employees, the rates of female employees of in CSR department is predominantly higher than other departments of organizations.

³² Andreas Foller, (Corporate Citizenship Manager, Volvo Cars AB), Interview.



In addition, we explored the development of CSR departments in organizations to discover what the inevitability of CSR departments in organizations is. The survey results indicate that social responsibility concerns and issues accustomed to handle by public relations or communication departments, consequently, this could be one of the main reasons for corporations are developing CSR departments, also in equivalent to Yukl's (1998) explanation of organizations need to assign or elect people with valuable proficiency to positions of authority in the organization and departments with expertise demand more representation on making important decisions for organizations to forecast critical contingencies. In this perception, we asked interviewees *what kind of changes would happen if CSR department were not existed in your organization today*. Even though we have collected similar responses from all interviews, the Corporate Sustainability Manager of Stena Rederi AB response draws our attention to distinguish how CSR departments presently are perceived in organizations:

“In short-term, absolutely no change would occur but in long-term we could end up in a critical situation which could also easily be in hands of the media. So, my function really is to understand society's needs and expectations, carefully analyze our risk assessments, and try to predict the company from potential problems”.³³

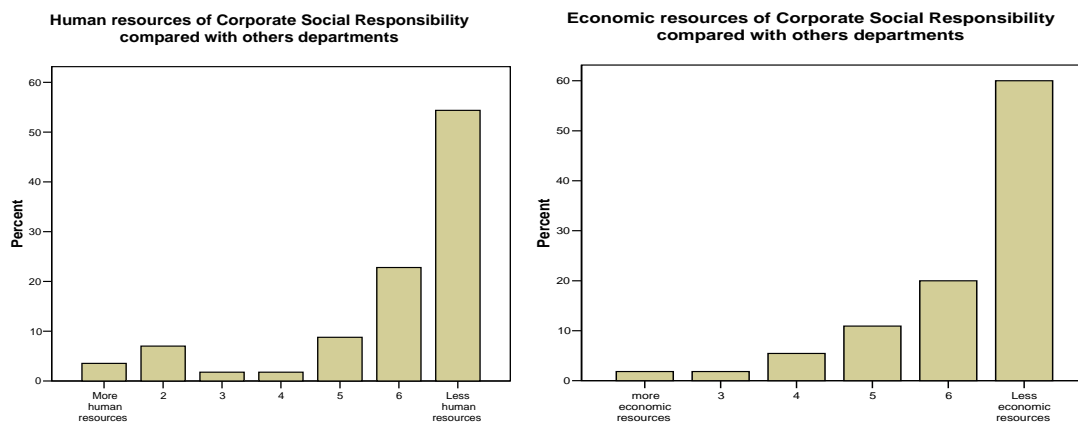
³³ Johan Ross, (*Corporate Sustainability Manager, Stena Rederi AB*), Interview.



As the findings in managerial level analysis demonstrate that CSR managers have the necessary experience in social/environmental contingencies, therefore, in this section, we investigate the power and influence in departmental level. In one direction to accomplish this, we examined and made comparisons of financial and human resources of departments in companies. The results show those CSR departments have less resources compared to other departments in both financial and human resources, as the Corporate Citizenship Manager of Volvo Cars AB statement:

“CSR managers are really dedicated to social and environmental issues but they are working with very small resources”³⁴

The results of the comparison between human and economic resources distribution showed a big difference between CSR department and the other departments, where 54.4% of the respondents indicate that CSR is the department having the least human resources and 60 % of them indicate CSR department being the department with the least economic resources compared with other departments within the organization:



In contrast, the results showed that 3.5% of the respondents consider that CSR department have more human resources than other departments and even inferior, only 1.8 % of them indicate that CSR department have more economic resources compared with other departments, which point out some of the problems that CSR

³⁴ Andreas Foller, (Corporate Citizenship Manager, Volvo Cars AB), Interview.



department has to face, as the Corporate Sustainability Manager of Stena Rederi AB comment:

“companies that have a separate CSR department, they always struggle; they struggle with finance and they struggle with internal policies”³⁵

In that sense, the limitation of human and especially economic resources, according to the interviewee, derive in negative implications for the CSR department, where their influence level could also be restricted at the moment to put decisions into action without having the resources to make it possible.

Status of CSR Department influence regarding strategic decision-making

Valid	Frequency	Valid Percent
Most influential	3	4,9
1	0	0,0
2	7	11,5
3	11	18,0
4	13	21,3
5	14	23,0
6	13	21,3
Least influential		
Total	61	100,0
Missing	9	
Total	70	

Besides financial and human resources, we consider strategic decision making as another variable to analyze the relevance of CSR department within the organizations. According to Hickson et al. (1971), in terms of the strategic contingencies theory some organizational sub-units gain or lose power to influence important decisions such as determination of the organization’s competitive strategy or the allocation of resources among sub-units and activities. In that sense, the results presented in the table above shows that 65.6% of the respondents categorizes CSR department with low influence within their organization regarding strategic decision making. Whilst,

³⁵ Johan Ross, (Corporate Sustainability Manager, Stena Rederi AB), Interview.



just 4.9% of the responses ranked CSR department as the *most* influential department concerning decision making, in contrast, 21.3% of the sample ranked CSR department as the *least* influential department. In addition, based on the results from the interviews the CSR departments also shows that CSR department have low influence regarding strategic decision making, as it is exemplify by the Director of SHE department of AstraZeneca in Sweden:

“Usually we can influence in the early stage of the decisions. We are not part of the product planning of the company so our influence is very limited...I do think they [CSR departments] should have a role in strategic decisions, (...) it is also important CEO’s perception of this kind of issues. In some other cases, department needs to climb up to hill to get what they want.”³⁶

There are different reasons to explain this situation. As we explained previously, it could be related to such situations as a small distribution of economic resources compared with other departments, or the structure of the company which possible situate CSR department in the periphery of its operations where the determination of organization’s strategy is restricted. Therefore, we complement statistically the notion of CSR department situated in the core or periphery of the organizations. By using Principal Component Analysis to identify how many of the departments under our survey are explaining most of influence level and further on to determine whether or not CSR department is situated in a core part of the organizations. The table shown bellow confirms the reliability of our findings within the model, which represented by more than 0.5 values in the Extraction communalities. In other words, it implies all the departments analyzed fit well with the factor solution in our study.

³⁶ Tomas Stalfors, (Director of SHE department, AstraZeneca in Sweden,), Interview.



Communalities

	Initial	Extraction
Public Relation/ Public Affairs/Communication	1,000	0,717
Sales /Marketing	1,000	0,758
Finance	1,000	0,714
Human Resources	1,000	0,764
Production/Operation	1,000	0,456
Corporate Social/Environmental Responsibility	1,000	0,671
Logistics/Transport/Distribution	1,000	0,880

Extraction Method: Principal Component Analysis.

The solution of the model is given by the “Total variance explained” –table below- where the factor solution is explained by the eigenvalues, variance explained, and cumulative variance. For the initial solution there are as many components or factors as there are variables, in our case seven is the number of variables representing each of the departments within the organization the same as the number of components given in the first column of the table bellow. The theory explained that in a good factor analysis, there are a few factors that explain a lot of the variance. In our analysis, under the initial Eigenvalues the variance is explained in more that 50% by the first two components or factors; and the percentage of variance explained by the first tree components increased up to 70.86% which indicates that the factor analysis as method in our sample has reliance.

Total Variance Explained

Component	Initial Eigenvalues			Extraction Sums of Squared Loadings (ESSL)		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	2,547	36,392	36,392	2,547	36,392	36,392
2	1,292	18,464	54,856	1,292	18,464	54,856
3	1,121	16,009	70,866	1,121	16,009	70,866
4	0,900	12,854	83,720			
5	0,510	7,283	91,002			
6	0,433	6,191	97,193			
7	0,196	2,807	100,000			

Extraction Method: Principal Component Analysis.



Besides, the Extraction Sums of Squared Loadings (ESSL) section of the table above gives information regarding the extracted factors or components, which describe how many departments have the most influence in the organizations. In our case, we found that 3 out of 7 departments included in the analysis are the components that explain most of variance in the model. In other words, there are 3 departments which explain most of the influence level regarding strategic decision-making within the organizations. We verify that the values are the same in both sides of the table, Initial Eigenvalues and ESSL values, which also verify the reliability of the model.

Further, by using Friedman test, we could be able to identify which 3 departments are resulted with highest influence in principal component analysis. In our case, the results were representative at level less than 0.01, meaning that the test is statistically significant at 99% confidence interval. The result of Friedman Test indicates that the three departments most influential are Sales/Marketing, Finance, and Production/Operation departments having the highest influence in organizational decision-making. In addition, we could also be able to identify which departments have the lowest influence. The result point out that; Logistics, Corporate Social Responsibility and Human Resources departments are the least influential departments of the organizations. As following, the highest value represents the highest influence given by Sales/Marketing department (5.52); and the lowest is Human Resources department (2.89), being CSR department (2.93) the second least influential department in organizational decision making.



Friedman Test

	Mean Rank
Sales /Marketing	5,52
Finance	5,18
Production/Operation	5,03
Public Relation/ Public Affairs/Communication	3,50
Logistics/Transport/Distribution	2,94
Corporate Social/Environmental Responsibility	2,93
Human Resources	2,89

By using the Friedman Test, we could distinguish what is CSR departments' influence level in organizations regarding to the results of the survey, which situated CSR department at the bottom levels. However, we wanted to analyse these results from the theoretical view within the strategic contingency theory where the influence level is affected as well by other factors as *uncertainty*, *non-substitutability* and *centrality*. We learned from the interviews that CSR departments are *not coping with uncertainties* in organizations as Crozier (1964) explained that uncertainty it self does not give power to departments, it is more important for departments to cope with uncertainties to gain power. Theoretical findings indicate if organizations allocate to their various departments that cope most effectively with the most uncertainty should have most power within the organization. In addition, the results show that CSR departments are *non-substitutable* in organizations because whether or not organizations needs to have specific professionals to deal with similar issues and to have various people working for similar issues in different departments cause more complications and problems in organizations. As we presented previously in hypothesis, lower the substitutability of a sub-unit, greater its power within the organization, according to the Director of SHE Department of AstraZeneca in Sweden:



“In such large organizations, it would be chaotic for the organization to remove departments which are created by specialists in the field, such as CSR or to divide these specialists into various departments”.³⁷

CSR departments indicate high rate of *centrality* in results for the reason that they are connected with many other activities in organizations and they are interlinked with other departments activities, for instance, corporate citizenship committee at Volvo Car AB have one representative in each sub-units of the organization. Regarding to hypothesis of centrality, the higher pervasiveness and immediacy of the workflow of a sub-unit expand its power and influence within the organization. Nonetheless, the concept of *controlling* these three dimensions in strategic contingency is a key element in the theory. As a result, CSR departments do not contain control over the three strategic contingencies to gain power and to influence core business decisions in organizations.

To sum up, the study at the departmental level conclude that CSR department is situated in the periphery of the organizations, including a low level of influence regarding strategic decision making, explained by both theoretical and empirical analysis. The empirical results show that CSR departments hold limited human and economic resources and the statistics results ranked CSR department with 2.93 score within the 3 lowest influential departments in the organizations. In the same way, related with the theoretical perspective, CSR departments do not enclose control over the three strategic contingencies - uncertainty, non-substitutability and centrality – to gain power and to influence the core organization’s decisions. However, they contribute in long-term planning by understanding what the long term desires and will of the society and converting these expectations into measures and action plans for corporations’ long-term benefits.

³⁷ Tomas Stalfors, (Head of SHE Department, AstraZeneca in Sweden), Interview.

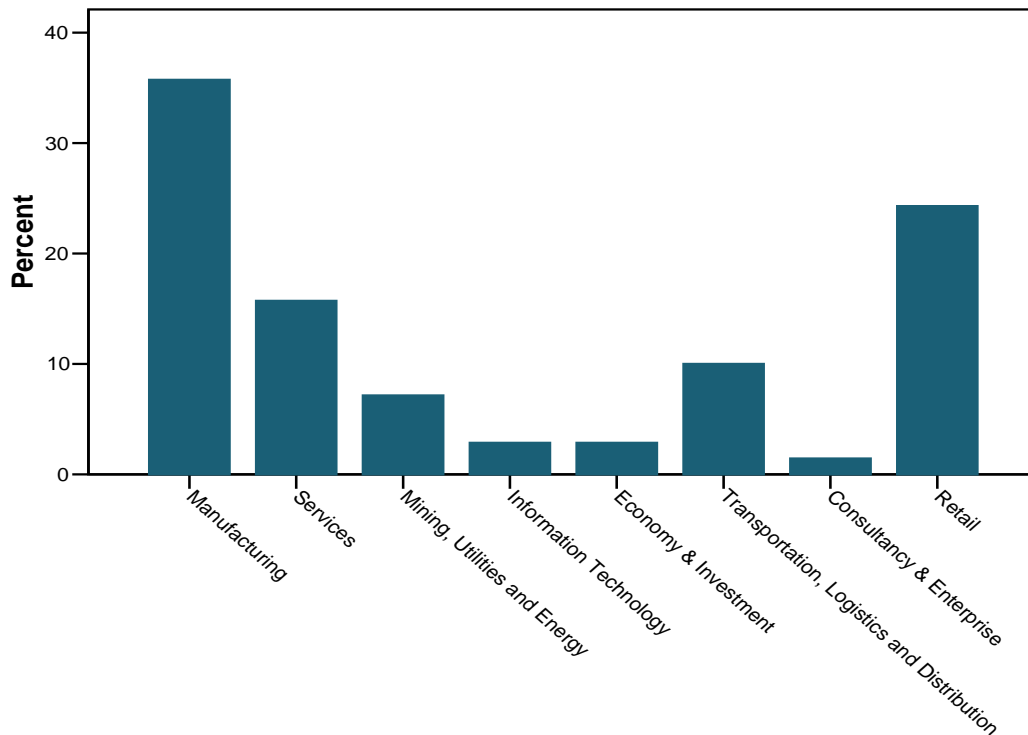


4.3 Organizational Analysis

In the following section, in addition to the organizational level findings, the study will include an analysis through the results from the previous two levels of analysis – managerial and departmental levels- combining them together in order to draw logical conclusions to distinguish the organizations’ perception on CSR departments and to understand the CSR movement.

Regarding the characteristics of our organizational framework, we identify the different type of industries that are included in our analysis. The results showed that the 70 firms under survey were classified into 8 major categories:

Type of industries



The manufacturing industry (including automotive, mechanical or chemical, etc) dominated the sample list with twenty five firms (35.7% of the sample), followed by the Retail industry including seventeen firms, (around 24% of the sample); Services



industry take account of eleven firms; Transportation, Logistics and Distribution industry include seven firms; Mining, Utilities and Energy industry (including oil & gas, electric and water supply/power/recycle) represents 7% of the sample given by five firms and the rest 5% of the companies are distributed within Information Technology industry (2%), Economy & Investment (2%) and Consultancy & Enterprise (1%).

Type of industries

	Frequency	Percent	Valid Percent	Cumulative Percent
Valid				
1. Manufacturing (automotive, mechanical or chemical, etc.)	25	35,7	35,7	35,7
2. Services (educational, financial, health, legal, real estate, etc.)	11	15,7	15,7	51,4
3. Mining, Utilities and Energy (oil and gas, electric and water supply/power/recycle)	5	7,1	7,1	58,6
4. Information Technology (computer software, etc.)	2	2,9	2,9	61,4
5. Economy and Investment (include financial and insurance activities)	2	2,9	2,9	64,3
6. Transportation, Logistics and Distribution	7	10,0	10,0	74,3
7. Consultancy & Enterprise	1	1,4	1,4	75,7
8. Retail	17	24,3	24,3	100,0
Total	70	100,0	100,0	

At the departmental level of analysis, by using Principal Component and Friedman Test, we could distinguish that CSR departments' have low level of influence within the organization. However, we wanted to expand our research by investigating if CSR departments' influence status differs by industries. The results indicated that the rankings of departmental influence outcome are variable by industries but still the CSR department presented low levels of influence in dissimilar fields. For instance, manufacturing and retail industries were the only two industries, which presented some cases (9.52% and 6.25%, respectively), where CSR department have high level of influence, but those percentages are still low compared with 28.57% of the manufacturing sample and 18.75% of retail industry in which CSR department have



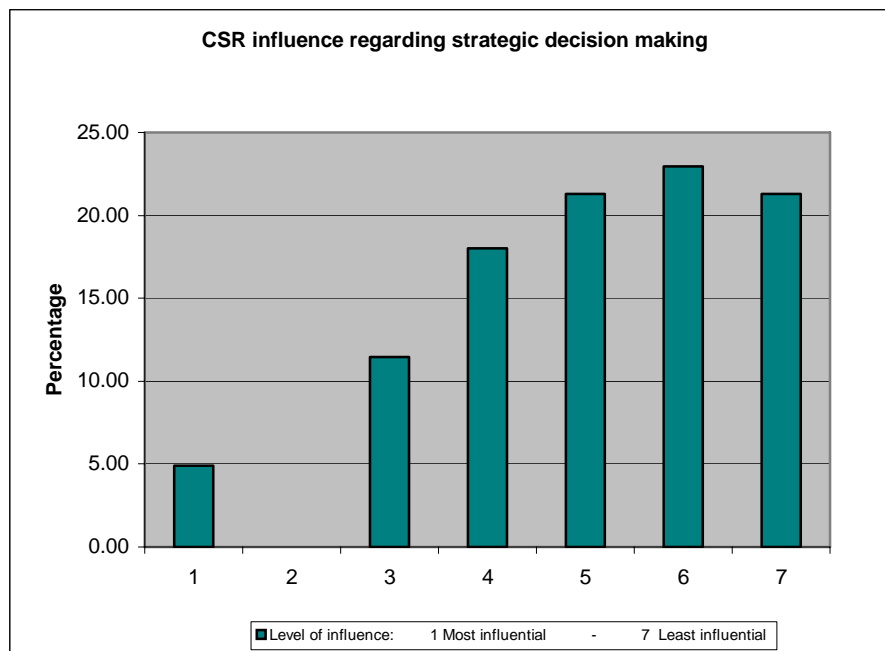
been classified as the least influential department within the organization. No other industry ranked CSR department with the highest level of influence, no even with the second higher level. In opposite, all the industries, including manufacturing and retail, mainly ranked CSR departments' having the middle or least influential level. For instance, 50% of the economy/investment industry indicated CSR department in the middle influential level and the rest 50% of the sample situated CSR department in the lower level. In the case of mining/utilities/energy industry 33.3% of the sample situated CSR as the least influential department, the rest 66.6% were divided in the low and lower levels of influence. As explained in the following table:

		Corporate Social/Environmental Responsibility influence regarding strategic decision making							Total	
		Most Influential 1	2	3	4	5	6	Least Influential 7		
Type of industries	Manufacturing	Count	2	0	1	4	6	2	6	21
		%	9,52	0	4,76	19,05	28,57	9,52	28,57	100%
	Services	Count	0	0	0	4	3	3	1	11
		%	0	0	0	36,36	27,27	27,27	9,09	100%
	Mining, Utilities and Energy	Count	0	0	0	0	1	1	1	3
		%	0	0	0	0	33,33	33,33	33,33	100%
	Information Technology	Count	0	0	0	0	0	0	1	1
		%	0	0	0	0	0	0	100	100%
	Economy & Investment	Count	0	0	1	0	0	1	0	2
		%	0	0	50	0	0	50	0	100%
	Transportation, Logistics and Distribution	Count	0	0	2	0	0	3	1	6
		%	0	0	33,33	0	0	50	16,67	100%
	Consultancy & Enterprise	Count	0	0	1	0	0	0	0	1
		%	0	0	100	0	0	0	0	100%
	Retail	Count	1	0	2	3	3	4	3	16
		%	6,25	0	12,5	18,75	18,75	25	18,75	100%
Total	Count	3	0	7	11	13	14	13	61	
	%	4,92	0,00	11,48	18,03	21,31	22,95	21,31	100%	

In the total sample, 16.4% of the respondents situated CSR department having higher levels of influence, 18.03% placed CSR department in a middle level of influence and 65.57% ranked CSR department having lower levels of influence regarding strategic



decision making. Furthermore, just 4.92% indicated CSR department having the *most* influential level, in contrast, 21.31% of the respondents indicated CSR department with the *least* influential level. These results show us that CSR departments' level of influence on strategic decision-making is considerably *low in all selected industries*. The following graph illustrates the differences between the levels of influence assigned to CSR department regarding strategic decision making:



On the other hand, we observed that the companies face significant regulations - environmental, health, labor, financial- in Sweden (87%), and in foreign markets (70%). Due to that reason, we consider that it is important not only to concentrate on their micro situation but also on their macro situation which leads us to identify how the companies evaluate themselves externally. Therefore, two indicators were taken in to consideration; the organization's financial performance and its social performance in relation to their major competitors. In both cases, the results showed that respondents ranked their companies having better financial and social performance compared with their major competitors. Few of them indicate their companies in worse financial performance than their competitors, but none of the companies were ranked having worse *social performance* compared with their major competitors,



suggesting the external relevance of social concerns. Nevertheless, previously we found a low relevance of the corporate social responsibility at the departmental level – on the organization’s micro situation - which indicates a gap between the relevant social perceptions externally and the application of the same thought internally.

Therefore, we consider important to analyze whether or not the companies have taken similar actions in others countries as they operate in Sweden. In terms of the relation between the firms and their foreign suppliers’, results indicated considerable difference on CSR stipulations among their activities. A lack of code of conducts during their operations in foreign markets is visible; the result showed that a high percentage of the companies (85%) have a written code of conducts regulating their firms' operations, in despite only 16% of the companies have a written code of conducts regulating their foreign suppliers’ operations. These results demonstrated a contrast between how they operate internally and externally. Furthermore with interviews, we gain knowledge from the CSR managers that corporations are not keen to apply written code of conducts in their external operations unless there are regulations compelled by local governments or forced by non-profit organization. The following quote given by Johan Ross demonstrate us a good example of the corporate responsiveness:

“We also operate in Nigeria and there bribery is sometimes considered as part of life in order to get things done. But in Sweden we will never take action in same way. If we try implement policies covering operations in Nigeria same as we use in Sweden, it is will be completely useless. So, there are no operation policies written in Nigeria, just a set of morals and principals”³⁸.

To sum up the organizational level analysis, corporations give the impression to be more responsiveness than they are responsible at present socially issues. The results indicate that CSR departments’ influence status did not differ by industries providing to the CSR departments’ a low level of influence on strategic decision-making in all selected industries. Regarding to organizations’ macro situation, companies evaluate

³⁸ Johan Ross, (Corporate Sustainability Manager, Advisor), Interview.



themselves externally having a better financial and social performance in comparison with their major competitors. However, during the analysis of their operations procedures we identified that companies have not been taken similar actions in others countries as they operate in Sweden. A lack of a written code of conducts in their operations in foreign markets was found.



5. CONCLUSIONS

The notion of the increasing mix of power and unaccountability that corporations are obtaining was relevant in our study to reflect about why the level of responsibilities is not increasing in the same extent. Nowadays, the raise of power without increasing responsibilities in its operations is translated into negative externalities on society as real cases have shown and we explored in the “water war” case in Bolivia. It soon becomes evident that corporations need to be aware of any consequences that they may take. Therefore, the study investigated the status and role of CSR departments within organizations to understand the perception of corporations in social/environmental concerns.

The theoretical findings point out that the influence of a department varies according to their power status, and the departmental power could be gained by having control over three determinants of the strategic contingencies theory; *uncertainty, non-substitutability, and centrality*. We gain knowledge from the findings that CSR departments do not enclose control over those three determinants to gain power and to influence the core organization’s decisions. On the other hand, the empirical results indicate that CSR departments contain limited human and economic resources compared to the other departments and a low level of CSR influence on strategic decision-making was also identified in all industries. In addition, at organizational level of analysis, we acknowledged a gap between companies’ operations externally and internally given that they have not been taken similar actions in others countries as they operate in Sweden, a lack of a written code of conducts in their operations in foreign markets was found. According to previous findings, it is better understood that even though CSR managers have the necessary expertise, determination and awareness of making changes in corporate behaviour sometimes they experience difficulties to adjust their own ambitions in these type of organizational perception of dealing with social/environmental matters. Consequently, corporations appear to be more responsive than responsible since CSR departments’ influences continue being imperceptible and they are situated in the periphery of the organizations.



As a conclusion, according to our findings CSR-movement today appears as a business answer to social conflicts or as another marketing strategy to form a better image. Nevertheless, in both cases it presents corporations as responsible and accountable to society in their new role as societies' rulers and the status of CSR department could remain the same unless organizations perception and approach change towards social/environmental concerns.



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Interviews

Andreas Foller,
Manager of Corporate Citizenship Department - Volvo Cars Corporation

Tomas Stalfors,
Director of SHE Department in Sweden, AstraZeneca AB

Johan Ross,
Corporate Sustainability Manager, Stena Rederi AB

Monica Jadsen,
Quality, Risk and Environment Department, Schenker AB



APPENDIX I

Interview Guideline Questions

I. Background / Characteristics

Gender: Male Female

1. What is your job title?
2. Describe your work?
 - *How long have you been in your current position?*
3. Could you explain your professional background and how you became involve with CSR?
 - *Before becoming a CSR manager, were you previously responsible for environmental responsibility in your organization?*
 - *What was your previous position?*
 - *Have you ever worked for a governmental agency?*
 - *Have you ever worked for a non -profit nongovernmental organization (NGO)?*
 - *Outside of work, are you currently active in any NGO?*
4. What are the general criteria/characteristics to assign as a CSR manager in large firms?

II. CSR – role of the department

5. What is CSR department situation/aim? What kind of social responsibilities does your company has?
 - *How do you implement your CSR policies and strategies?*
 - *How do you measure, evaluate and communicate them? How do you allocate resources?*
6. Do you think that CSR departments of organizations should take a core role in organization's strategic decision making? Why? or Why not?
7. What is the role of CSR dept. in long term planning of the firm?



8. What kind of activities CSR department participates *in and out* the firm?
9. Do you have any mechanism or systems in place to respond to changing social and political circumstances?
 - *How do you identify the problems/issues you have to deal with?*
10. How effective are your communication to shareholders about CSR issues?
 - *Issues addressed to who, in which method and how often?*
 - *Shareholders expectation from your department?*

III. In relation to Strategic Contingency Theory

11. To what extent can you influence/change the ‘decisions’ that will be put into actions?
12. Which others departments are involve in CSR’s activities/decision making process and which departments CSR department involved?
13. Which departments of your firm have more influence in terms of strategic decision-making? Why?
14. In your opinion, which department has more resources? Why?
 - *In terms of human and financial resources*
15. Could you explain how do you control CSR influence you have locally, nationally and globally?
16. Could you explain the difficulties working in CSR department?
 - *Is it similar or different than other departments?*
17. What kind of changes would happen if CSR department were not existed today?
 - *Is it substitutable? Which department could be responsible for such issues?*
 - *How was CSR related issues handled before you have assigned?*
 - *How is it developed in the firm?*



APPENDIX II

Extract of the Questionnaire applied to the Swedish firms

I. Regarding your company

1. How would you rank your organization's **financial performance** (as measured by profitability) in relation to your major competitors?
 1. Better
 2. Worse
 3. The same

2. How would you rank your organization's **social performance** in relation to your major competitors?
 1. Better
 2. Worse
 3. The same

3. Does your firm face significant **regulations** (environmental, health, labor, financial) in its **home country** market?
 1. No
 2. Yes

4. Does your firm face significant **regulations** (environmental, health, labor, financial) in **foreign markets**?
 1. No
 2. Yes

5. Which of the following **departments** have the most **influence** regarding your organization's **strategic decision making**? (rank from 1-6 with 1 being the most influential)
 - ___ Public Relation / Public Affairs / Communication
 - ___ Sales / Marketing
 - ___ Finance
 - ___ Human Resources
 - ___ Production / Operation
 - ___ Corporate Social/Environmental Responsibility
 - ___ Logistics / Transport / Distribution



6. Which of the following **departments** have, in your opinion, the most **human resources** in your organization? (rank from 1-6 with 1 having the most)

- Public Relation / Public Affairs / Communication
- Sales / Marketing
- Finance
- Human Resources
- Production / Operation
- Corporate Social/Environmental Responsibility
- Logistics / Transport / Distribution

7. Which of the following **departments** have, in your opinion, the most **financial resources** in your organization? (rank from 1-6 with 1 having the most)

- Public Relation / Public Affairs / Communication
- Sales / Marketing
- Finance
- Human Resources
- Production / Operation
- Corporate Social/Environmental Responsibility
- Logistics / Transport / Distribution

8. In your firm, what percentage of **top managers** are **male managers**?

1. 0-20%
2. 21-40%
3. 41-60%
4. 61-80%
5. 81-100%

II. Regarding yourself

9. What is your current **age**? _____ years

10. What is your **gender**?

1. Male
2. Female

11. What is your **professional training** (e.g. lawyer, accountant, engineer)?



12. What is your **nationality**? _____

13. Were you **hired locally**?

1. Yes
2. No

14. Do you work in the:

1. Global headquarters,
2. Subsidiary,
3. Operating company,
4. Other (please specify) _____

15. What is your **job title** (choose the one that most closely fits)?

1. VP/Director of Corporate Social Responsibility/ Sustainability Affairs and Environmental Affairs.
2. Chief Executive Officer/Managing Director,
3. Chief Financial Officer,
4. Chief Operating Officer,
5. Controller,
6. VP/Director of Finance
7. VP/Director of Marketing, Sales
8. VP/Director of Corporate Affairs, Human Resources
9. VP/Director of Public Affairs, Communication
10. VP/Director of Community Affairs,
11. Other (Please specify) _____

16. How long have you been in your current **job**? _____ years

17. How long have you worked for your present **employer**? _____ years

III. Regarding your entire working career

18. About how many **different jobs** have you had with this employer? _____

19. How many years have you been working full-time **in the labor market**? _____

20. How many years have you worked full-time **in this industry**? _____



21. In how many **different industries** have you worked full-time during your career? _____
22. What are the **other industries** in which you have worked full-time during your career? _____
23. Before becoming a CSR manager, were you **previously** responsible for **environmental responsibility** in your organization?
1. Yes
 2. No
 3. Not applicable
24. Before becoming a CSR-manager, what was your **previous position** (please specify)? _____
25. Have you ever worked for a **governmental agency**?
1. Yes
 2. No
26. Have you ever worked for a not-for-profit nongovernmental organization (**NGO**)?
1. Yes
 2. No
27. **Outside** of work, are you currently active in any NGO?
1. Yes
 2. No

IV. Regarding your educational background

28. How many years of post-high school education do you have (Swedish: efter gymnasiala studier)? _____ years



V. Regarding your organization's management of social responsibility (or public/community affairs)

29. Does your firm have a formal process (a committee or work group) for addressing **community relations**?
1. No
 2. Yes
30. Does your firm have a formal process (a committee or work group) for addressing **public affairs**?
1. No
 2. Yes
31. Does your firm have a formal process (a committee or work group) for addressing **social responsibility**?
1. No
 2. Yes
32. Do you chair a committee or work group on **community relations**?
1. No
 2. Yes
33. Do you chair a committee or work group on **public affairs**?
1. No
 2. Yes
34. Do you chair a committee or work group on **corporate social responsibility**?
1. No
 2. Yes
35. To whom in your firm do you **report to** (please specify)? _____
36. Does your firm have a written **code of conduct** regulating **your firms'** operations?
1. No
 2. Yes



37. Does your firm have a written **code of conduct** regulating **your suppliers'** operations?
1. No
 2. Yes
38. Has your firm signed **international framework agreements** or **global agreements** with unions (Swedish=globala fackliga kollektivavtal) for **your firms'** operations?
1. No
 2. Yes
39. Has your firm signed **international framework agreements** or **global agreements** with unions (Swedish=globala fackliga kollektivavtal) for **your suppliers'** operations?
1. No
 2. Yes
40. **Before** there was a **CSR-department**, where were these issues mainly handled?
- Public Relation / Public Affairs / Communication
 - Sales / Marketing
 - Finance
 - Human Resources
 - Production / Operation
 - Logistics / Transport / Distribution
 - Don't know / Not applicable
41. What percentage of the **CSR-department's** employees are **male employees**?
1. 0-20%
 2. 21-40%
 3. 41-60%
 4. 61-80%
 5. 81-100%
42. In **comparison to others departments** of your firm, what is the **gender mix** of the Corporate Social/Environmental Responsibility department?
1. More **female** employees
 2. More **male** employees



43. Which of the following stakeholders would you say are most important to your firm? (rank 1 to 4 with 1 being the least important)

- ___ Government
- ___ Shareholders
- ___ Employees
- ___ Communities

44. Of those NGOs with which you have active relationships, what percentage are primarily (total should equal 100%):

- ___ % NGOs involved in environmental protection/conservation
- ___ % NGOs involved in hunger/poverty relief
- ___ % NGOs involved in labor or human rights
- ___ % NGOs involved in education, training, etc.
- ___ % Other, (Please specify)_____



APPENDIX III

Pearson correlation coefficient

The analysis of correlation could be made following a different statistics scenarios depending on: the numbers of variables that would be correlated, the normal distribution of the variables and the dependency between variables among other parameters. The Pearson correlation coefficient is a measure of linear association between two variables. Pearson correlation coefficient is used on bivariate parametric correlations where as assume the data are normally distributed.

The values of the correlation coefficient range from -1 to 1. The sign of the correlation coefficient indicates the direction of the relationship meaning if the variables are positive or negative correlated. The absolute value of the correlation coefficient indicates the strength, with larger absolute values indicating stronger relationships. Within each of the correlations table that displays Pearson correlation coefficients, the correlation coefficients on the main diagonal are always 1.0, because each variable has a perfect positive linear relationship with itself.

When we used the Pearson coefficients, the significance values could be analysing at the same time. The significance level is the probability of obtaining results as extreme as the one observed. If the significance level (p) is very small or less than 0.05 then the correlation is significant and the two variables are linearly related at an interval of confidence of 95%. In contrast, if the significance level is relatively large, for example, 0.50 then the correlation is not significant and the two variables are not linearly related.

Even if the correlation between two variables is not significant, the variables may be correlated but the relationship is not linear. Before calculating correlations, a scatter plot of the two variables was done to see how they are related.



Pearson Coefficient Correlations

Correlations

		Corporate Social/Environmental Responsibility regarding human resources distribution	Corporate Social/Environmental Responsibility regarding economic resources distributed
Corporate Social/Environmental Responsibility regarding human resources distribution	Pearson Correlation	1	,701(**)
	Sig. (2-tailed)	.	,000
	N	57	54
Corporate Social/Environmental Responsibility regarding economic resources distributed	Pearson Correlation	,701(**)	1
	Sig. (2-tailed)	,000	.
	N	54	55

** Correlation is significant at the 0.01 level (2-tailed).

Correlations

Corporate Performance compared with their major competitors		Corporate Financial Performance	Corporate Social Performance
Financial Performance	Pearson Correlation	1	,037
	Sig. (2-tailed)	.	,762
	N	69	69
Social Performance	Pearson Correlation	,037	1
	Sig. (2-tailed)	,762	.
	N	69	70



Correlations

		CSR influence regarding strategic decision making	CSR regarding human resources distribution	CSR regarding economic resources distribution
Corporate Social/Environmental Responsibility influence regarding strategic decision making	Pearson Correlation	1	,218	,431(**)
	Sig. (2-tailed)	.	,107	,001
	N	61	56	55
Corporate Social/Environmental Responsibility regarding human resources distribution	Pearson Correlation	,218	1	,701(**)
	Sig. (2-tailed)	,107	.	,000
	N	56	57	54
Corporate Social/Environmental Responsibility regarding economic resources distributed	Pearson Correlation	,431(**)	,701(**)	1
	Sig. (2-tailed)	,001	,000	.
	N	55	54	55

** Correlation is significant at the 0.01 level (2-tailed).

Correlations

		Gender	Besides work, current participation in NGO's
Gender	Pearson Correlation	1	-,271(*)
	Sig. (2-tailed)	.	,025
	N	70	68
Besides work, current participation in NGO's	Pearson Correlation	-,271(*)	1
	Sig. (2-tailed)	,025	.
	N	68	68

* Correlation is significant at the 0.05 level (2-tailed).



Correlations

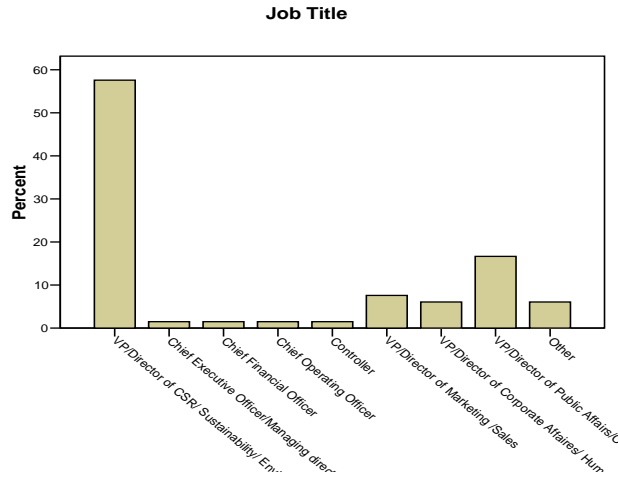
		Gender	Corporate Social/Environmental Responsibility influence regarding strategic decision making
Gender	Pearson Correlation	1	-,152
	Sig. (2-tailed)	.	,242
	N	70	61
Corporate Social/Environmental Responsibility influence regarding strategic decision making	Pearson Correlation	-,152	1
	Sig. (2-tailed)	,242	.
	N	61	61

Correlations

		Corporate Social/Environmental Responsibility influence regarding strategic decision making	Environmental protection/ conservation NGOs (Percentage of active participation with)
Corporate Social/Environmental Responsibility influence regarding strategic decision making	Pearson Correlation	1	,156
	Sig. (2-tailed)	.	,536
	N	61	18
Environmental protection/ conservation NGOs (Percentage of active participation with)	Pearson Correlation	,156	1
	Sig. (2-tailed)	,536	.
	N	18	18



MANAGERIAL LEVEL



Time in current job (years)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	10	14,3	14,9	14,9
	2	10	14,3	14,9	29,9
	3	9	12,9	13,4	43,3
	4	3	4,3	4,5	47,8
	5	12	17,1	17,9	65,7
	6	6	8,6	9,0	74,6
	7	2	2,9	3,0	77,6
	8	7	10,0	10,4	88,1
	10	3	4,3	4,5	92,5
	12	1	1,4	1,5	94,0
	21	1	1,4	1,5	95,5
	30	1	1,4	1,5	97,0
	35	1	1,4	1,5	98,5
	43	1	1,4	1,5	100,0
	Total	67	95,7	100,0	
Missing	999	3	4,3		
	Total	70	100,0		



Time working for the present employer (years)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	1	5	7,1	7,5	7,5
	2	2	2,9	3,0	10,4
	3	3	4,3	4,5	14,9
	4	3	4,3	4,5	19,4
	5	7	10,0	10,4	29,9
	6	6	8,6	9,0	38,8
	8	6	8,6	9,0	47,8
	9	3	4,3	4,5	52,2
	10	1	1,4	1,5	53,7
	11	2	2,9	3,0	56,7
	12	1	1,4	1,5	58,2
	15	5	7,1	7,5	65,7
	18	3	4,3	4,5	70,1
	19	1	1,4	1,5	71,6
	20	2	2,9	3,0	74,6
	21	2	2,9	3,0	77,6
	22	1	1,4	1,5	79,1
	23	1	1,4	1,5	80,6
	24	2	2,9	3,0	83,6
	25	1	1,4	1,5	85,1
26	1	1,4	1,5	86,6	
27	1	1,4	1,5	88,1	
29	2	2,9	3,0	91,0	
30	4	5,7	6,0	97,0	
32	1	1,4	1,5	98,5	
35	1	1,4	1,5	100,0	
	Total	67	95,7	100,0	
Missing	999	3	4,3		
	Total	70	100,0		



Number of different jobs with the present employer

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	0	7	10,0	10,6	10,6
	1	14	20,0	21,2	31,8
	2	7	10,0	10,6	42,4
	3	17	24,3	25,8	68,2
	4	6	8,6	9,1	77,3
	5	5	7,1	7,6	84,8
	6	2	2,9	3,0	87,9
	7	2	2,9	3,0	90,9
	8	2	2,9	3,0	93,9
	9	1	1,4	1,5	95,5
	10	2	2,9	3,0	98,5
	15	1	1,4	1,5	100,0
	Total	66	94,3	100,0	
Missing	999	4	5,7		
	Total	70	100,0		

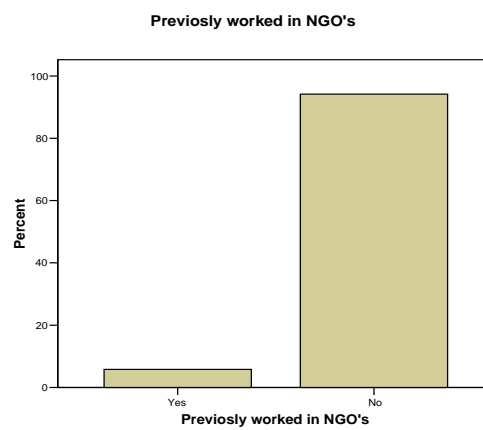
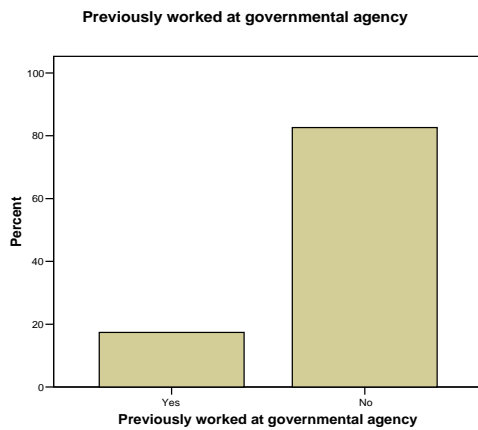
Previously responsible for environmental issues within firm

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	20	28,6	29,0	29,0
	No	26	37,1	37,7	66,7
	No applicable	23	32,9	33,3	100,0
	Total	69	98,6	100,0	
Missing	999	1	1,4		
	Total	70	100,0		



Previously worked at governmental agency

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	12	17,1	17,4	17,4
	No	57	81,4	82,6	100,0
	Total	69	98,6	100,0	
Missing	999	1	1,4		
	Total	70	100,0		



Previously worked in NGO's

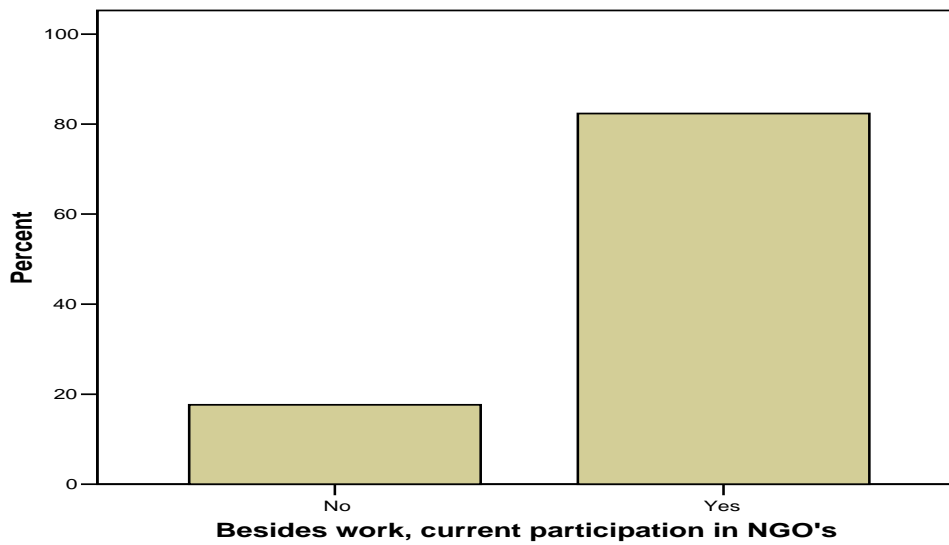
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Yes	4	5,7	5,8	5,8
	No	65	92,9	94,2	100,0
	Total	69	98,6	100,0	
Missing	999	1	1,4		
	Total	70	100,0		



Besides work, current participation in NGO's

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	12	17,1	17,6	17,6
	Yes	56	80,0	82,4	100,0
	Total	68	97,1	100,0	
Missing	999	2	2,9		
Total		70	100,0		

Besides work, current participation in NGO's





DEPARTMENTAL LEVEL

Corporate Social/Environmental Responsibility regarding human resources distribution

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	most influential	2	2,9	3,5	3,5
	2	4	5,7	7,0	10,5
	3	1	1,4	1,8	12,3
	4	1	1,4	1,8	14,0
	5	5	7,1	8,8	22,8
	6	13	18,6	22,8	45,6
	least influential	31	44,3	54,4	100,0
	Total	57	81,4	100,0	
Missing	999	13	18,6		
Total		70	100,0		

Corporate Social/Environmental Responsibility regarding economic resources distributed

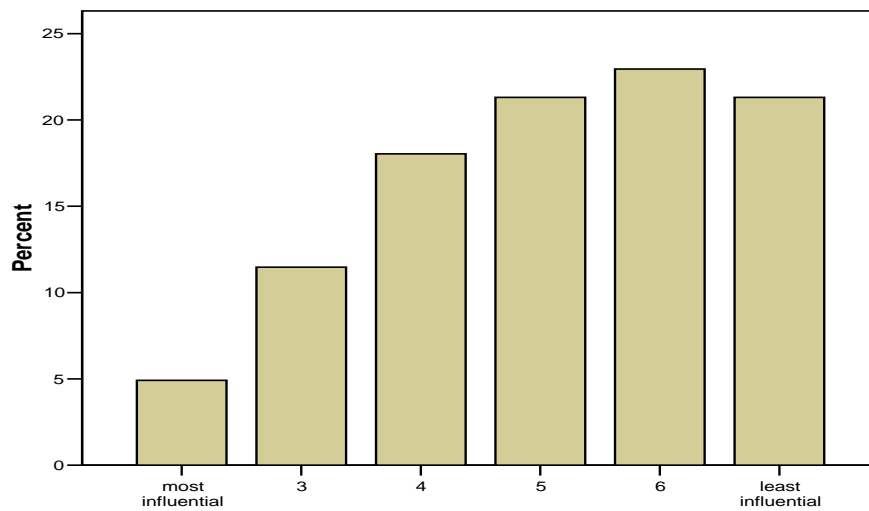
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	most influential	1	1,4	1,8	1,8
	3	1	1,4	1,8	3,6
	4	3	4,3	5,5	9,1
	5	6	8,6	10,9	20,0
	6	11	15,7	20,0	40,0
	least influential	33	47,1	60,0	100,0
	Total	55	78,6	100,0	
Missing	999	15	21,4		
Total		70	100,0		



Corporate Social/Environmental Responsibility influence regarding strategic decision making

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	most influential	3	4,3	4,9	4,9
	3	7	10,0	11,5	16,4
	4	11	15,7	18,0	34,4
	5	13	18,6	21,3	55,7
	6	14	20,0	23,0	78,7
	least influential	13	18,6	21,3	100,0
	Total	61	87,1	100,0	
Missing	999	9	12,9		
Total		70	100,0		

Corporate Social Responsibility influence regarding strategic decision making

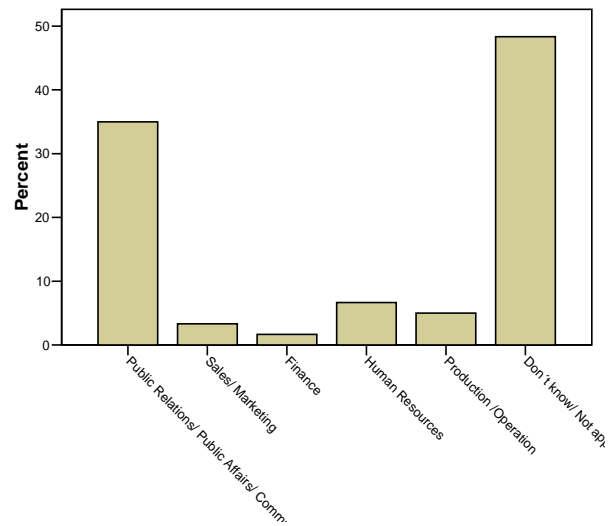




Before CSR-department where were these issues handled)

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Public Relations/ Public Affairs/ Communication	21	30,0	35,0	35,0
	Sales/ Marketing	2	2,9	3,3	38,3
	Finance	1	1,4	1,7	40,0
	Human Resources	4	5,7	6,7	46,7
	Production /Operation	3	4,3	5,0	51,7
	Don't know/ Not applicable	29	41,4	48,3	100,0
	Total	60	85,7	100,0	
Missing	999	10	14,3		
Total		70	100,0		

Before CSR-department where were these issues handled

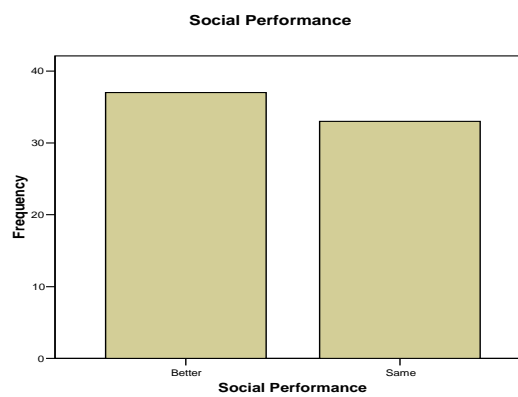
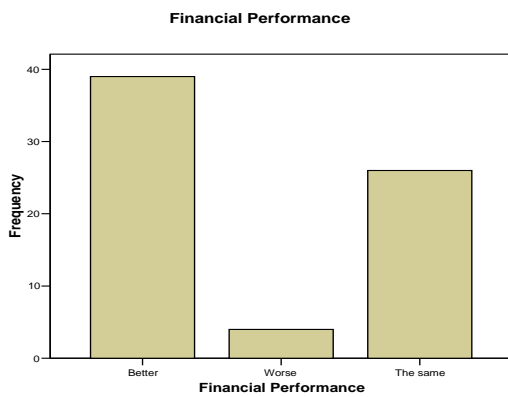




ORGANIZATIONAL LEVEL

Financial Performance

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Better	39	55,7	56,5	56,5
	Worse	4	5,7	5,8	62,3
	The same	26	37,1	37,7	100,0
	Total	69	98,6	100,0	
Missing	999	1	1,4		
Total		70	100,0		



Social Performance

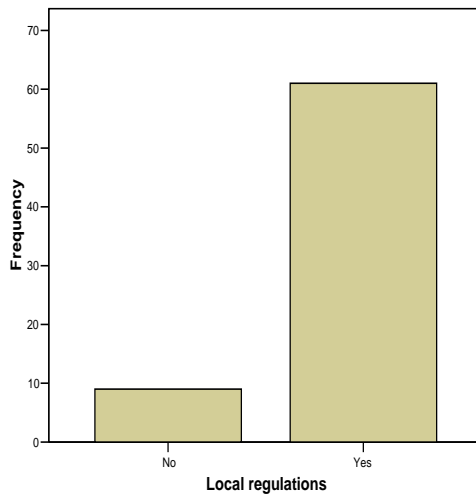
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	Better	37	52,9	52,9	52,9
	Same	33	47,1	47,1	100,0
	Total	70	100,0	100,0	



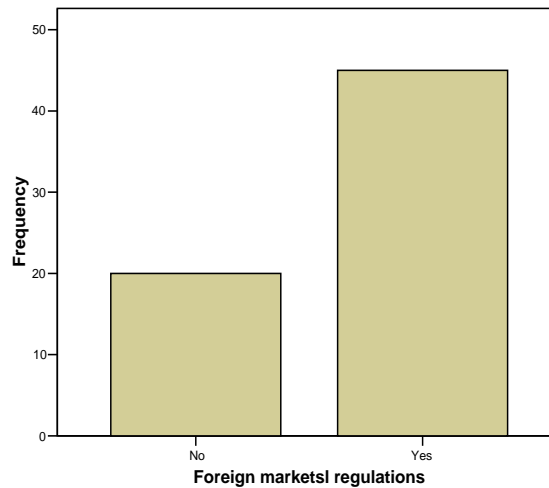
Local regulations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	9	12,9	12,9	12,9
	Yes	61	87,1	87,1	100,0
	Total	70	100,0	100,0	

Local regulations



Foreign marketsl regulations



Foreign marketsl regulations

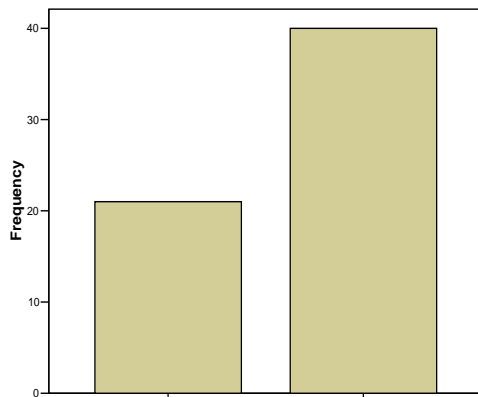
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	20	28,6	30,8	30,8
	Yes	45	64,3	69,2	100,0
	Total	65	92,9	100,0	
Missing	999	5	7,1		
	Total	70	100,0		



International agreements signed for your firms' operations

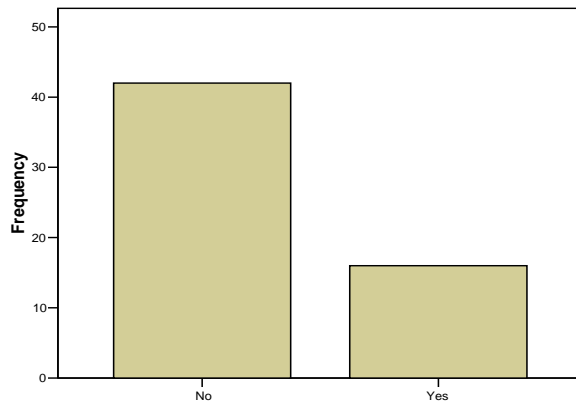
		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	21	30,0	34,4	34,4
	Yes	40	57,1	65,6	100,0
	Total	61	87,1	100,0	
Missing	999	9	12,9		
Total		70	100,0		

International agreements signed for your firms' operations



International agreements signed for your firms' operations

International agreements signed for your suppliers' operations



International agreements signed for your suppliers' operations

International agreements signed for your suppliers' operations

		Frequency	Percent	Valid Percent	Cumulative Percent
Valid	No	42	60,0	72,4	72,4
	Yes	16	22,9	27,6	100,0
	Total	58	82,9	100,0	
Missing	999	12	17,1		
Total		70	100,0		