

Balancing economic, social and natural capital: the contribution of Corporate Social Responsibility and the role of Greenpeace in creating balance

“The status quo is a very powerful opiate and when you have a system that seems to be working and producing profits by the conventional way of accounting for profits, it’s very hard to make yourself change. But we all know that change is an inevitable part of business” Ray Anderson – founder of Interface.

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The idea to continue studying for a masters degree was born on a warm summer night on a balcony in southern Crete. After having worked a few years in communications I was thinking about what I would like to do next in my career. That night, after numerous Raki's, my boyfriend Omiros and I started a philosophical discussion in which he asked me if there was anything I regretted in life. The first thing that came to mind was that I never went to university. I regretted that I hadn't tried my best. So Omiros asked: 'Why not still go?' I was 28 at that time, so I replied: 'I'm too old, all my friends have jobs and who is going to pay for this? I have to make a living on my own!' Omiros was not impressed and simply remarked: 'You're never too old to learn'. I could only agree. So here we are 2,5 years later and one week away from receiving a very important piece of paper, my Master of Science diploma in Communications. This thesis is my final work and although the process of writing it did not always go smoothly, I am pleased with the result. The theme I chose emerged during an internship at Greenpeace International where I learned about the importance of sustainable development in business as well as how difficult it can be for NGOs and corporations to find common ground regarding sustainability and responsibility issues. I hope this thesis contributes to a new way of doing business that builds rather than destroys economic, social and natural capital.

I would like to thank a few people that have contributed to this research. Thank you to all CSR and sustainability managers for the time they took to speak to me openly about the achievements they are proud of as well as challenges that still need to be tackled in their company. Thank you Inge, Martin, Eoin and Soenke from Greenpeace for giving me the time to develop my ideas for this research. Thank you Harry de Boer from Tensor Sustainable for your valuable connections and the discussion we had. Thank you Rogier Aalbers for introducing me to Harry. A big thanks to my friends and family for their support, especially my mom who gave me the mental and financial support I needed to complete my Masters. Another big thanks to my love Omiros as I would probably not have started this odyssey if he hadn't asked me that question. Last but not least, I would like to thank my two supervisors Lidwien van de Wijngaert and Jeroen Timmer of the University of Twente. Their encouragements and critical feedback pushed me to continuously improve my work.

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ABSTRACT

This thesis presumes that various forms of capital (economic, social and natural capital) an organization depends on to survive are not equivalently integrated in businesses. Economic capital is considered more important than other forms of capital, resulting in a rise of social, environmental and ethical problems in the past decades. Balancing these forms of capital asks for a shift in mindset by business leaders from maximizing profits to a new sustainable business model. Effective Corporate Social Responsibility (CSR) could put more weight in the 'balance scale' by means of adding value to all forms of capital. This thesis explains how the principle of Heider's balance theory is shaped through CSR by presenting five unbalanced situations, whereof the imbalance between short-term growth and long-term responsibility and the imbalance between a CSR strategy and stakeholder expectations of CSR. Balance theory is used as a framework to demonstrate where CSR conflicts emerge between the organization and its environment. Expectations with regard to CSR issues are particularly propagated by Non Governmental Organizations (NGOs). A focus is therefore laid on the environmental organization Greenpeace and their role in creating balance. Furthermore, thirteen CSR managers of different organizations have been interviewed on themes such as stakeholder engagement, CSR motivation and sustainable growth in order to find an answer to the research question: how can CSR contribute to balancing economic, social and natural capital? This research concludes that a key challenge for organizations in the long run is to ensure their continuity by means of a more collective approach based on mutual benefits instead of a return-on-investment, shareholder value approach. To have a substantial impact, CSR needs to be envisioned and valued by all employees of the organization and not only by the CSR manager and his or her team. At the same time NGOs like Greenpeace should not only fight these businesses but also look for modes of cooperation. Greenpeace could focus more on offering CSR managers the 'ammunition' they need to become more sustainable and to help them reduce internal scepticism.

SAMENVATTING

In deze scriptie wordt aangenomen dat verschillende vormen van kapitaal (economisch, sociaal en natuurlijk kapitaal) waar een organisatie afhankelijk van is om te overleven, niet gelijkwaardig beoordeeld worden door bedrijven. Economisch kapitaal wordt beschouwd als meer waardevol dan andere vormen van kapitaal. Dit heeft geresulteerd in een stijging van sociale, ecologische en ethische problemen in de afgelopen decennia. Balanceren van deze vormen van kapitaal vraagt om een verschuiving in de manier van denken door managers van winst maximalisatie naar een duurzaam business model. Effectief Maatschappelijk Verantwoord Ondernemen (MVO) kan meer gewicht in de 'weegschaal' leggen door middel van het toevoegen van waarde aan alle vormen van kapitaal. Deze scriptie legt uit hoe de balans theorie van Heider kan worden gebruikt voor MVO door vijf situaties van onbalans te presenteren, waaronder een onbalans tussen korte termijn groei en lange termijn verantwoordelijkheid en de onbalans tussen een MVO strategie en verwachtingen van stakeholders op dit gebied. Balans theorie wordt gebruikt als een framework om aan te tonen waar MVO conflicten ontstaan tussen de organisatie en haar omgeving. Verwachtingen van MVO worden in het bijzonder geuit door niet-gouvernementele organisaties (NGOs). Een focus is daarom gelegd op de milieuorganisatie Greenpeace en haar rol in het creëren van balans. Dertien MVO managers van verschillende organisaties zijn geïnterviewd over thema's als stakeholder betrokkenheid, MVO motivatie en duurzame groei met als doel een antwoord op de onderzoeksvraag te vinden: hoe kan MVO bijdragen aan de balans tussen economisch-, sociaal- en natuurlijk kapitaal? Dit onderzoek concludeert dat een belangrijke uitdaging voor organisaties op de lange termijn het waarborgen van hun continuïteit is door een collectieve aanpak gebaseerd op wederzijds gewin voor de economie, de maatschappij en het milieu, in plaats van te focussen op winst genereren voor aandeelhouders. Om een substantieel effect hebben, moet MVO doorleefd worden door alle medewerkers van de organisatie en niet alleen door de MVO manager en zijn of haar team. Tegelijkertijd zullen NGOs zoals Greenpeace bedrijven niet alleen moeten aanvechten, maar zullen zij ook moeten zoeken naar vormen van samenwerking. Greenpeace kan MVO managers input bieden die ze nodig hebben om duurzame oplossingen te implementeren en hen tevens helpen interne scepsis te verminderen.

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1 INTRODUCTION

Businesses today operate in complex and changing environments, often facing critical attention from their stakeholders. The pressure of responding to the challenge of corporate responsibility and sustainability rises; organizations struggle to provide an answer to social and environmental demands. The way organizations perceive responsibility as well as how far this responsibility should reach, has increasingly been the subject of debate in both the academic world and in practice. Some organizations associate responsibility with burdens and restrictions while others see it as an opportunity to develop new sustainable solutions that benefit the company as well as ensuring a positive impact on society, economic development and the environment. However, some academics express criticism on the positive impacts of business on social and environmental issues. Porter & Kramer (2006) give two reasons why many Corporate Social Responsibility (CSR) efforts are counterproductive: (1) organizations put business against society when the two are actually interdependent and (2) they pressure companies to think of CSR in generic ways, instead of crafting social initiatives appropriate to their individual strategies. Karnani (2010) takes this a step further by stating that the idea of companies acting in the public interest and will profit from doing so is fundamentally flawed. Some companies can do well by doing good, but more often they cannot as in most cases doing what is best for society and the environment means sacrificing profits. Notwithstanding, profits can no longer be a company's sole objective. Many companies realize that their success is also based on stakeholder relationships which encompass many interests with an emphasis on social and environmental issues (Russo & Perrini, 2010). Still, attaining a balance between maximizing profits for the company's shareholders and minimizing negative impacts on society and the environment, appears to be a tough challenge to most companies. Only relatively few manage to practice CSR with an integrated, systematic approach that builds rather than destroys economic, social and natural capital (Visser, 2011). In this thesis it is argued that a balance of these three complimentary forms of capital is necessary for people (and thus businesses) to survive in the long run. Capital can be defined as a stock that yields a flow of useful goods or services into the future (Jansson et al., 1994). These stocks present themselves in various forms, such as money and goods (economic capital), networks and cultures (social capital) and natural services and resources (natural capital). An example of how natural capital flows is the population of fish in the ocean that regenerates the flow of caught fish that goes to the market (Jansson et al., 1994). Investing in all forms of capital could reverse the centuries-long destruction of the environment and create a policy and business model for social and ecological restoration as well as economic prosperity (Hawken et al., 1999). This implies a shift in balance from an economic, shareholder driven approach to a more collective, sustainable approach in order to find a new way of doing business.

1.1 *A need for a balance shift*

In essence, the principle role of businesses is producing goods and services that consumers need and want. However, this has changed over the years into a notion of maximizing profits (Carroll, 1991). Until CSR became widely subject of debate, it can be said that there was a stable situation from an economic point of view; businesses grew to provide maximum profits to their shareholders, which was not openly questioned by societies at large. Balance was shaped by an emphasis on economic responsibility. However, this acceptance changed when it became more and more clear that putting economic capital at the centre of gravity has led to an enormous strain on our environment as well as on people individually, causing problems of among others waste, climate change and overconsumption. NGOs and other groups have increased the awareness on these problems among consumers and other important stakeholders to the organization, creating a disturbance in the balanced situation from an economic point of view. The need for a 'balance shift' expressed by civil society conflicts with current

business models where economic capital overrules other forms of capital. Still, many industries, firms and even nations have barely begun this shift, not realizing that lagging behind is compromising not just their environment but their prosperity and security (Hawken et al., 1999). This research makes use of balance theory introduced by Heider (1946, 1958) in order to demonstrate that people (and thus businesses) strive for security and stability through avoiding conflict in relationships. In this research, balance theory is considered a framework that explains why seeking balance is necessary for CSR practitioners. Imbalance occurs particularly with regard to CSR issues, as various stakeholders pressure organizations to diminish the negative impacts of their business. A key concept of effective CSR lies in the quality of stakeholder relationships. If these relationships are constantly tensed and unconstructive, organizations will most likely encounter difficulties in implementing CSR. By engaging with various groups in society and respecting ecosystems they depend on for survival, CSR could contribute to balancing economic, social and natural capital.

1.2 Research questions & objectives

This research contributes towards explaining how this principle of balance is shaped through CSR by means of presenting five unbalanced situations between various forms of capital. This research therefore aims to provide a clearer understanding of different ways balance between economic, social and natural capital play out. Secondly, this research aims to bring understanding in what way CSR can contribute to bringing balance and if so, what CSR should entail. In order to get a better understanding of how CSR is currently viewed and executed, thirteen CSR managers have been interviewed for this purpose. Given that NGOs play an important role with regard to paying critical attention to organizations' behaviour in society by advocating for environmental protection and social justice, a focus was chosen on the role of the environmental organization Greenpeace in creating balance. This focus on Greenpeace as an organizational stakeholder is based on two assumptions: (1) they are an influential advocate for better use of natural capital by businesses and (2) their impact on CSR implementation and policy development with a focus on the environment has been significant over the years. In one of their recent campaigns for instance, Greenpeace urged for further development of chemical standards by big sports brands to prevent fresh water pollution caused by clothing factories in China. The following research questions emerged from the above argumentation:

How can CSR contribute to balancing economic, social and natural capital?

What kind of unbalanced situations can be distinguished?

What is the meaning of these balance themes for Greenpeace and what do they imply for CSR managers?

This thesis is organized by first discussing the theoretical evolution of CSR in chapter 2 in order to clarify the proposed relation with balance theory and nonmonetary forms of capital. In addition, examples from the literature describing balance or imbalance in CSR issues will be presented, e.g. the imbalance between stakeholder expectations and CSR strategies. To further explore these balance aspects, a qualitative study was undertaken to examine these mechanisms more in-depth by means of interviewing thirteen CSR managers of leading companies. These processes and its methodology of the qualitative study are described in chapter 3. The results are structured on the basis of five balance themes that emerged from the interview data, illustrated by an analysis of Greenpeace discussed with the CSR managers by means of an explorative case. These results are presented in chapter 4, followed by conclusions and a discussion section in chapter 5 and 6.

2 THEORETICAL FRAMEWORK

This section reviews Corporate Social Responsibility (CSR) literature and provides a framework for balance theory in order to distinguish themes or aspects that reflect a balanced or imbalanced situation between economic, social and natural capital. In order to grasp how CSR has reached such a prominent place on the corporate agenda today, an overview of developments in CSR theory in the last 60 years are discussed first.

2.1 *Developments in CSR over time*

Bowen (1953) provided the first modern contribution to CSR. He pointed out that corporate decision-making processes have to take into account not only the economic dimension, but the social consequences deriving from their business behaviour as well. However, in the sixties, Friedman (1962) dismissed social responsibility as proposed by Bowen, by claiming that CSR should serve the classical economic model that assumes legitimacy is market-based. "There is one and only one social responsibility of business – to use its resources and engage in activities designed to increase its profits" (Friedman, 1962). Later in the eighties, evidence shows that society's confidence in business has decreased. Lipset & Schneider (1983) presented a detailed analysis of the decline in public confidence in business during the 1960s and 1970s.

Recently, theorists tend to describe CSR as building on two major concepts: sustainability and responsibility. Whereas the first concept refers to the efficient management of tangible as well as intangible resources, the latter one is used to describe efforts in answering social and environmental demands besides economic requirements. The concept of sustainability received worldwide recognition as a result of a report that was published in 1987 by the World Commission on Environment and Development (known as the Brundtland Commission) entitled "Our Common Future". The commission, chaired by Norway's Prime Minister Brundtland, developed today's generally accepted definition of sustainability, stating that sustainable development is "development that meets the needs of the present without compromising the ability of future generations to meet their own needs." Basically, it is a question of inter-generational equity (Bader, 2008). Sustainability demands that we pass on to our children a world that is virtually no worse than the one we inherited. Or, as Brundtland put it: "we should live off the 'interest' and leave the 'capital' untouched". Rather than viewing sustainability as contradictory to goals of corporations, sustainable development aims to meet the needs and aspirations of both current and future societies. Prexl and Signter (2006) view corporate sustainability as "a new management concept that poses an alternative to the traditional models of wealth maximization which is committed to the planned and strategic management process of working towards a balance of economic, social and environmental values".

Due to its broad meaning and applicability, the academic literature presents a number of different terms and definitions that imply similar or identical meanings to CSR. For example the terms corporate citizenship (Moon et al., 2003), corporate accountability (Valor, 2005), corporate sustainability and business ethics (Crane & Matten, 2004) are all used related to CSR. O'Riordan & Fairbrass (2006) mention three specific factors that may have been instrumental in determining that a vast amount of literature has emerged with regard to CSR. Firstly, the topic's long research history during which many and varied theories, concepts, models and themes have emerged. Secondly, the 'loaded nature' of the topic which has resulted in two features: a generally negative image association and confusion due to situation complexity and the question of responsibility/obligation and thirdly gaps between rhetoric and reality. Aside from the variations in terminology, Jonker and De Witte (2006) state that the quality of CSR lies in the relationships an organization holds with its environment, rather than the individual organization

itself. CSR is often considered a means to strengthen the relationship between an organization and its stakeholders and is considered a key vehicle for the exchange of CSR offerings between the firm and its societal publics (Murray & Vogel, 1997). This suggests that stakeholder dialogue should play a vital role in the development of CSR policies and strategies. Bhattacharya, Sen & Korschun (2011) argue however that stakeholder involvement in CSR activities is surrounded by rhetoric. Organizations talk a lot about their stakeholders but actually involving them in choosing the CSR focal areas is rarely the case. This can be explained by the fact that most companies still develop, implement and manage their CSR as a top-down, internally focused process. However, the research of Bhattacharya et al., (2011) demonstrates that employees and consumers are not content with being passive recipients; they want to actively engage in co-creating CSR initiatives. Thus, approaching CSR from an internal point of view does not contribute to developing an effective CSR strategy as stakeholders will find it more difficult to embrace CSR initiatives if they have not played a part in the development process.

Apart from business associations such as the World Business Council for Sustainable Development (WBCSD), which consists of CEOs of leading companies, the demands for greater social responsibility are increasingly coming from the more mainstream quarters of society (Martin, 2002). This development can be explained by a number of governance scandals and the fact that globalization has made business itself more pervasive and powerful. However, the growing attention of CSR in public debate does not prove that much has changed in everyday business practice (Van de Ven & Graafland, 2006). On contrary, extensive media reach in addition to new information technologies has allowed rapid and widespread exposure of corporate abuses in even the most remote corners of the world. More is expected of business today, given that governments fail to solve social problems in an adequate way on a frequent basis (Smith, 2002). The private sector is therefore increasingly called upon to address social problems.

2.2 *The relationship between CSR and nonmonetary forms of capital*

A growing number of sociologists, political scientists, economists and organizational theorists investigated the concept of social capital. In the academic literature, social capital is placed within the framework of a broader discussion of capital and draws attention to how such nonmonetary forms can be important sources of power and influence (Portes, 1998). Various important aspects of business ethics such as transparency, goodwill and good citizenship relate to social capital and could therefore be considered a meaningful concept in the process of implementing CSR. Putnam (2000) defines social capital as: “whereas physical capital refers to physical objects and human capital refers to the properties of individuals, social capital refers to connections among individuals”. Networks, norms, trust and other features of social organization facilitate coordination and cooperation for mutual benefit. These so called ‘stocks of social capital’ tend to be self-reinforcing and cumulative, suggesting that social capital can be considered as a moral resource whose supply increases rather than decreases through use and which becomes depleted if not used (Hirshman, 1986). The social capital approach values stocks of social capital build through networks and infrastructure that can support sustainable development (Lehtonen, 2004). Therefore, social capital is interconnected with natural capital, also referred to as ecological economics. Ecological economics is a transdisciplinary field of study that addresses the relationships between ecosystems and economic systems in the broadest sense in order to develop a deep understanding of the entire system of humans and nature as a basis for effective policies for sustainability (Jansson et al., 1994). Natural capital consists of two major sub-types: non-renewable resources such as oil, coal and minerals and renewable resources such as ecosystems. As CSR is essentially based on connections between the organization and its environment and sustainable development is considered a key concept of CSR, integrating social and natural capital benefits the whole system in which organizations operate.

2.3 *Balance Theory – a framework for CSR*

Balance theory is a social psychological theory that is considered a general theory as well as a framework for conducting empirical work. Balance theory is based on the assumption that individuals have a deep-rooted inclination towards consistency in their relationships and cognitions. It states that individuals constantly seek to achieve balance where social relationships enter into conflict, either by changing their sentiments or attitudes toward persons or situations, or by subjectively diminishing the importance of the conflict. Heider (1946, 1958), Lewin (1951) and Newcomb (1961) developed the basic components for balance theory as a framework for studying the structural arrangements between social actors for affective ties. If these arrangements create imbalance in the form of 'strain' or 'tension' a general social process by which social actors change their social arrangements to reduce imbalance occurs (Hummon & Doreian, 2003). While Heider emphasized the affective processes in the minds of actors, Newcomb (1961) extended the balance theory to social groups. This extension resulted in a more broad applicability of the theory. Cartwright and Harrary (1956) used graph theory as a representation of the social structural arrangements that are the focus of balance theory. This led to a theoretical development of balance theory and related forms to the currently labelled network analysis. Van Dijk (2006) defines a network as a mode of organization of complex systems in nature and society. As businesses operate in often complex societal and natural network systems where balance is sought to ensure continuity, balance theory can well be applied in organizational settings. Therefore, balance theory is considered useful in this research to demonstrate where imbalance occurs in CSR.

Like individuals, organizations operate as part of a social structure or system which benefits from a balanced state within the structure. Similar to a natural ecosystem, an organization depends on its environment to survive. Organizations form part of a network consisting of shareholders, customers, their employees, suppliers and other stakeholders. This dependency can induce conflict situations, considering the fact that all parties involved have their own objectives that to a greater or lesser extent differ from the organization's goals. The call for greater responsibility by business on societal and environmental issues within these network structures, provoking responsiveness of businesses, could enhance the quality of relationships in the organization's network. Adding real value to the system as a whole implies a balanced state of relationships between social actors that could improve the effectiveness of CSR. As Elkington (2006) put it: "the better the system of corporate governance, the greater the chance that we can build towards genuinely sustainable capitalism".

2.4 *Balance themes in CSR*

To demonstrate the balance principle in relation to CSR, this paragraph illustrates situations of (im)balance selected from the literature. These balance examples enounce mechanisms that play a role in CSR. The themes discussed here are: stakeholder relationships with a focus on the relationship between a company and Greenpeace, CSR credibility, CSR implementation, CSR motivation and CSR communication. These themes provided input for the interviews conducted with CSR managers as they are considered key concepts in the CSR literature (Benn & Bolton, 2011).

2.4.1 *Stakeholder relationships*

According to the stakeholder approach introduced by Freeman (1984), companies are not only accountable to their shareholders, but should also balance a multiplicity of interests of stakeholders that can affect or are affected by their operations. Organizations regularly struggle to create a meaningful dialogue with stakeholders and engaging them in strategic choices. Underpinning the difficulties of

managing the relationship between a business and its stakeholders are the issues of divergent (and often conflicting) expectations between stakeholders (Greenfield, 2004) and contextual complexities that are further complicated by varying interpretations arising out of different geographical regions and cultures (Deresky, 2000). With regard to organization/stakeholder relationships, Jenkins (2005) describes an imbalance in priorities, claiming that concerns of NGOs tend to be environmental impacts, working conditions and human rights while companies are mainly concerned with the potential damage to their reputations that may occur as a result of media exposure or corporate malpractice. Together these priorities lead to a tendency to see CSR in negative terms, with an emphasis on things that companies should *not* do, such as employing children or violating human rights, rather than on seeking positive development outcomes, such as helping to eradicate poverty (Jenkins, 2005). Paluszek (2007) on the other hand, argued that CSR is not only a defensive commitment but also an opportunity, because a commitment to corporate sustainability can give a business an advantage over competitors. This opportunity is also stressed by Carey and Arndt (2007), who discussed a trend of businesses and NGOs creating alliances, as companies are beginning to view working with NGOs as a way to help their public image and boost their credibility as well as to improve their bottom line. Businesses can adopt more socially responsible corporate images by working with activists who criticize them and inviting them to help fix problems; engaging in “corporate activism” can help avoid conflict and increase a company’s credibility (Carey and Arndt, 2007). According to Friedman and Miles (2002) both parties have something to gain from this relation. NGOs are realizing the key role that corporations can play in forging workable solutions and corporations can gain instant, verifiable green credentials.

2.4.2 Greenpeace’s relationship with corporations

As an activist organization, Greenpeace increasingly interacts with corporations and has therefore started to put forward a solution-based approach to actions. This has not always been the case though. In the past, the nature of their relationship with corporations was mainly antagonistic. Both parties were not interested in interacting with each other. This changed after the bombing of Greenpeace’s yacht *The Rainbow Warrior* in 1985. Extensive media coverage as well as connections drawn with regular reports of environmental disasters resulted in an increase in membership of 400.000 at that time (Friedman & Miles, 2002). Realignment with corporations occurred during this period. The new management of Greenpeace became more business oriented and therefore less antagonistic towards corporations. International membership continued to rise. From the corporations’ perspective, Greenpeace could no longer be ignored: the media treated it as mainstream news and public support increased.

Even though strategic alliances between corporations and NGOs are becoming more common, it remains difficult for these so called secondary stakeholder groups on which the organization is less dependent for survival, to have substantial corporate influence. Lacking a direct voice in corporate decision making because their control of shareholder wealth is insignificant, stakeholders such as Greenpeace must find other means to influence organizational change (King, 2008). The more open the organization is to change, the more effective the mobilization of the movement will be. However, not all target organizations are equally receptive to calls for change. Scholars have argued that certain organizations are more susceptible to being targeted by activists at a given moment in time. For example a decline in performance in sales revenue and reputation spur change by encouraging managers to remain open to new input (and thus restore instability).

One of the defining features of social movements is their use of extra-institutional tactics, which are activities designed to subvert conventional politics and bypass traditional inputs (McAdam, 1982 in King, 2008). Activists may use extra-institutional tactics like boycotts or protests when they lack access to legitimate channels of change: Greenpeace uses these tactics regularly. One of the most well known

boycotts was that of Shell in 1995 over its plan to sink the Brent Spar oil platform at sea. Shell suffered widespread adverse publicity, as well as up to a 50% decline in sales in some markets (Paine & Moldoveanu, 1999). When a firm's reputation rests on its demonstration of CSR, trustworthiness and social norms, the firm is vulnerable to reputation-based attacks from activists and other secondary stakeholders (Harrison & Freeman, 1999). A concession to their demands demonstrates that firms are willing to be persuaded by secondary stakeholders that lack the means of influence through legitimate channels of organizational change. This influence increases when the boycott receives media attention (King, 2008).

2.4.3 *CSR credibility*

The credibility of corporate messages on social, environmental and ethical issues is often questioned, especially when organizations are perceived to be aiming to gain a marketing advantage by the good they are doing (Smith, 2002). Visser (2011) defines this as promotional CSR, where CSR is mainly seen as a public relations opportunity to enhance the brand, image and reputation of the company and turns CSR activities into a PR spin. A commonly used term is 'greenwashing'. Parguel et al. (2011) define greenwashing as tactics that mislead consumers regarding the environmental practices of a company or the environmental benefits of a product or service. In order to establish trust and credibility among stakeholders, advocacy groups and sceptical 'green' consumers, more companies are looking beyond marketing and advertising by publishing sustainability reports, engaging in stakeholder dialogues and creating information campaigns (Bernhart & Slater, 2007). Although creating a meaningful dialogue is often advocated, Grunig (1992) found that on public relations behaviour regarding conflicts with activist groups, creating a meaningful dialogue and balanced two-way symmetrical communication is a rare approach when dealing with activist pressure. While the unbalanced asymmetrical model attempts to change the public, the symmetrical model attempts to achieve balance by adjusting the relationship between organizations and the public by focusing on dispute resolution to negotiate mutually beneficial outcomes (Dozier et al., 1995).

2.4.4 *CSR motivation*

Companies have different reasons for developing and implementing an active CSR policy. Reasons are among others: reputation improvement, increasing productivity, attracting investors that value social performance or gaining stronger commitment from employees (Sims & Keon, 1997). In the development of the CSR literature, many researchers and practitioners have paid attention to the business case for CSR, meaning the positive relation with financial performance that CSR contributes to long-term financial success, as opposed to the moral case for CSR which views CSR as a moral obligation of companies and justifies sustainability and responsibility efforts on the basis of values. These two types of motivations are also referred to as respectively extrinsic and intrinsic motivation towards CSR (Van de Ven & Graafland, 2006). However, many studies show mixed results when trying to answer the question if a business case for CSR always exists. Vogel (2005) concludes "there is no definitive answer to the question of a financial link. It depends on an individual company's circumstances".

Porter and Kramer (2006) state a company should emphasize the convergence of social and business interests and acknowledge that its CSR endeavours are beneficial to both society and itself. According to Visser (2011) on the other hand, the business case argument can be declared as nonsense if we had correlated Enron's CSR and financial performance prior to its fall, as it would have pointed to a strong positive relationship. Thus, CSR does not always make economic sense as the short-term markets still reward companies that externalize their costs to society (Visser, 2011).

With regard to reasons why CSR professionals are personally committed to CSR, research shows that values play an important role. CSR is perceived as a way to align work with personal values. The desire to create change recurs as a consistent theme, but the way in which they make change happen and the satisfaction they derive differs considerably (Visser, 2011). As values are linked to the moral case of CSR and form the basis of intrinsic motivation, a discrepancy can be detected between the organisational motivation that is considered extrinsic and individual motivation, which is considered intrinsic.

2.4.5 CSR implementation

An indicator of the real value that companies attach to CSR is where they locate this function within the organizational structure (Frankental, 2001). It is usually located within external affairs, corporate affairs or community affairs. In other words, it is seen as an adjunct of PR, a function of a company's external relationships, a peripheral activity; not something that needs to be embedded across the organisation horizontally and vertically. This can be explained by difficulties organizations encounter when implementing CSR policy. According to Fenwick and Bierema (2008) three main problems with regard to CSR implementation appear frequently. Firstly, CSR principles and rationale are sometimes little understood or appreciated below senior management levels. Secondly, CSR values are often not translated into everyday practices, lacking genuine support from senior management, infrastructure, strategies, or consistency with core operational practices and reward systems; and/or thirdly, CSR practices are perceived too costly, difficult, time-consuming, or removed from core business goals to be worthwhile (Fenwick & Bierema, 2008). In addition, Hemingway and MacLagan (2004) found that levels of genuine commitment to CSR range widely within companies. Moreover, employee resistance is a particular problem facing managers interested in CSR (L'Etang, 1995). Shareholders and even the public are not always on board: the latter still seek lowest costs and the former still seek greatest profits (Bakan, 2004).

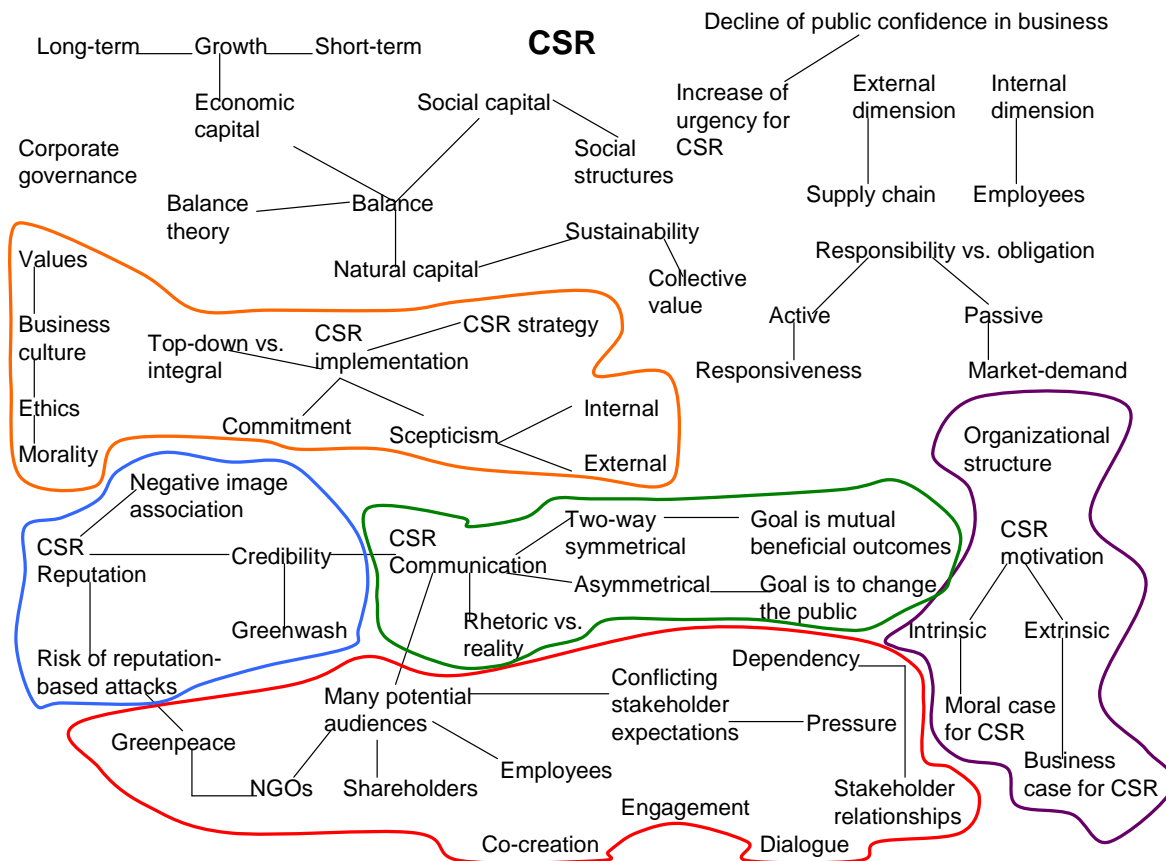
2.4.6 The importance of CSR communication

In light of the challenges mentioned in the previous paragraph, Bhattacharya and Sen (2010) argue in favour of the need for companies to communicate CSR more effectively to stakeholders, both internally as well as externally. They conclude that managers should have a deeper understanding of issues related to CSR communication, such as what to communicate (message content), where to communicate (message channel) as well as the company- and stakeholder-specific factors (e.g. corporate reputation) that impact the effectiveness of CSR. Bhattacharya and Sen (2010) claim that communicating CSR is a very delicate matter and the key challenge is to minimize stakeholder scepticism and to convey intrinsic motives in a company's CSR activities. With regard to CSR message channels, Yoon et al., (2006) showed that consumers reacted more positively to a company's CSR activities when they learned about its CSR activities from a neutral source (e.g. an independent organization that provides unbiased evaluations of corporate activities) than from a corporate source. Moreover, CSR communication often has many potential audiences, ranging from legislators, business press, investors, NGOs, consumers and employees (Dawkins, 2004). Expectations of businesses and information needs vary for each audience and they may thus respond differently to the various communication channels of CSR (Bhattacharya & Sen, 2010).

Based on the above discussed issues in CSR literature such as stakeholder relationships, communication and motivation, a 'mind map' of theoretical concepts has been created as a basis for the imbalance themes presented in the next chapter (see below). These theoretical concepts are considered useful because they clarify why CSR often misses its desired effect, resulting in imbalanced situations. The key

words encircled by the red line represent imbalance with regard to stakeholder relationships. The key words encircled by the blue line represent CSR credibility challenges, including reputational aspects. The key words encircled by the purple line represent the imbalance of organizational CSR motivation (extrinsic) and the individual motivation of a CSR manager (intrinsic). The key words encircled by the orange line represent challenges related to CSR implementation, where CSR structure and reducing scepticism play an important role. Last, CSR communication challenges are encircled by the green line. The words that have not been encircled apply to CSR in general.

CSR MINDMAP



3 METHODOLOGY

This section describes the research method used during the data collection phase. The research design is explained including some characteristics of the participants involved, followed by an elaboration on the chosen instruments and data analyses. This study has been conducted by means of qualitative research in which a back and forth approach between theory and data was chosen. The choice for the use of a qualitative research method aims to get insight in balancing mechanisms that organizations experience when implementing CSR. Qualitative research methods facilitate a more detailed discussion to gain insight in underlying processes than for example in a questionnaire.

3.1 *Research design & participants*

The CSR challenges of thirteen corporations have been analyzed. CSR themes derived from literature study such as stakeholder engagement, motivation and sustainable growth have been addressed by means of in-depth interviews with CSR managers of the following companies: Nuon (energy), Ahold (retail), Renault (automotive), Océ/Canon (printing), Imtech (technology services), Total (oil & gas), CapGemini (IT consultancy), TNO (knowledge), Randstad (human resources), Mammoet (heavy lifting), Kimberly-Clark (retail), UMC Utrecht (health) and a Dutch department store (preferred not to be mentioned by name). These companies were chosen in order to get a broader view on CSR across different sectors. Their contribution is reflected in the results section of this thesis (chapter 4) by means of extracting quotes from the interviews with CSR managers. The quotes are made anonymous according to scientific rule.

All participants in this study are responsible for developing and translating a CSR strategy internally as well as externally that matches their organization's values and culture. Almost all participating organizations are multinationals. The professional background of the CSR managers ranges from communication, human resources, geology and industrial design to international development. Nationalities of the interviewees besides Dutch are French, British and American. Nine of them are female and four are male. In addition to the interviewing CSR managers, the communications director of Greenpeace International has been interviewed in order to find an answer to the question which role Greenpeace plays with regard to enhancing balance between economic, social and natural capital. Five different 'balance themes' organizations encounter have emerged from the interview data; these are discussed in detail in the next chapter. Balance theory is here fore used as a framework to recognize correlated issues.

3.2 *Instruments*

Two instruments were used for this study. One is an often applied qualitative research method in the social sciences, the in-depth interview. The one-on-one interviews were held in English or Dutch for approximately one hour and taped by a voice recorder. Two interviews were conducted via Skype, the remaining interviews were held face-to-face in the office (building) of the CSR manager. The following theoretical topics formed the basis of the conversations: CSR implementation challenges, motivational aspects (organizational and individual), credibility issues, how to communicate CSR and challenges related to stakeholder relationships. Secondly, to further illustrate the concept of tension derived from the balance theory, an explorative case has been presented to the CSR managers focussing on challenges related to their supply chain. The supply chain as a topic for the case was chosen because companies assuming responsibility for their suppliers is considered a rather new phenomenon in CSR (Lim & Phillips, 2008), but also a very complex one. This complexity reflects the dilemmas organizations face in balancing

between economic, social and natural capital, as managing a supply chain implies a high level of networking of all parties involved as well as environmentally challenging processes such as transforming raw materials to the end user.

The explorative case reflects an increase in tension in the organization/NGO relationship and aimed to gather input on how CSR managers would handle such a conflict. A case study is described in the literature as a research strategy to pursue delicate interactions and processes occurring within organizations (Cassell & Symon, 2004) and was therefore considered useful for this research.

In short, the case study discusses the involvement of leading toy companies like Mattel, Lego and Hasbro in illegal rainforest destruction in Indonesia by one of their suppliers, Asia Pulp and Paper (APP). Greenpeace pressured the toy companies to no longer source from APP (see appendix A for the extended version of the story). The CSR managers were asked how their organization would react in a similar situation as well as what would cause the organization to give in to this kind of stakeholder pressure and consequently, what the implications for their CSR strategy would be. The majority of the interviewees believed that organizations like Greenpeace play an important role when it comes to highlighting where the problems are. This resulted in several perceptions of Greenpeace with regard to their impact on CSR (see chapter 4).

3.3 *Data analysis*

A codebook (see appendix C) was developed containing labels and sub categories of CSR themes in order to structure significant quotes derived from the interview data. The codebook served as input for the balance themes, as the codebook developed into an extensive list of CSR challenges related to balancing economic, social and natural capital.

To establish the reliability of the data, a second coder was asked to code a portion of the data. Subsequently, Cohen's Kappa can be measured based on the inter-rating agreement. A rule of thumb is that a reliable coefficient should lie between 0.60 and 0.70. A fellow student coded approximately 20% of the data (2 of the 13 interviews). After the first coding round, coder 1 assigned 40 codes to the first interview text and coder 2 assigned 17 codes to the same text. 10 codes matched. For the second interview text, coder 1 assigned again 40 codes and coder 2 assigned 10 codes to the interview text, 8 codes matched. This number of observed agreement is too low to calculate a valid Kappa. Therefore, a second coding round was conducted where the differences were discussed. It became clear that the differences in the first coding round were not caused by attributing different codes to the same text. The low number of agreement was caused by a lack of recognition from coder 2 when making the link between a code and a part of the text. Two reasons for this were found: first, coder 2 was not familiar with CSR and the topics that were discussed in the data and second, the codebook was not always perceived as clear. For example, the code 'institutional motivation – intrinsic' was not recognized by coder 2 because she interpreted it as to what extent a company bases its CSR motivation on the consequences for society, whereas the definition focuses on motivation formed by a moral choice (a choice based on internal values). Accordingly, a different quote was chosen and adjusted in the codebook to make the difference between intrinsic and extrinsic motivation more clear. In addition, the difference between the codes 'CSR policy development' and 'CSR themes' was perceived as indistinct by coder 2. Therefore, the code 'CSR themes' was deleted from the codebook and integrated in the code 'CSR policy development'.

Although the agreement of codes increased by consultation, the degree of agreement was still not measurable due to the differences in interpretation of the data. Quantifying this unsystematic data will therefore not result in a meaningful reliability coefficient.

4 RESULTS

Based on theory in chapter two and data derived from the in-depth interviews with CSR managers, five themes emerged that reflect an imbalance between economic, social and natural capital. As argued in the introduction chapter, it is assumed that organizations strive to restore balance with its environment when conflicts emerge. A consequence of an unbalanced or 'strained' situation could for instance provoke reputational damage. First, five themes are presented below supported by findings from the interview data. These themes are: (1) The imbalance between short-term growth and long-term responsibility (2) The imbalance between stakeholder expectations and the organization's CSR policy (3) The imbalance of organizational CSR motivation and the individual motivation of a CSR manager (4) The imbalance between having a strong CSR reputation and communicating about CSR and (5) The imbalance between implementing CSR in the organizations core business and factors that affect that process. Each theme reflects challenges that organizations may face in the process of balancing between the various forms of capital. In order to clarify different, often contrasting views on CSR between an organization and stakeholder groups, quotes of Greenpeace's communication director are added in the balance themes below.

4.1 *The imbalance between short-term growth and long-term development*

To increase their profitability, organizations grow. However, growth is often executed unsustainably which puts a large pressure on natural resources as well as on people. The balance between ensuring long-term continuity of the business versus executing this in a responsible way is in the majority of cases a skewed one. It appears to be very difficult for CSR managers to show the company the short-term value of CSR. This paragraph reflects the imbalance between growing as an organization which primarily has a short-term focus and aiming to be a responsible organization in the long run. An interviewee articulated this imbalance as follows: *"Finding the right balance between People, Planet and Profit is a hard challenge. To keep up with the Profit part a lot of concessions need to be made on the other two P's, which slows down the realisation of sustainability goals."* The communications director of Greenpeace agrees with this discrepancy between growth and sustainable development: *"Sustainability may slow growth on the short-term, but sustainable companies are the ones that stay around on the long-term, the companies that see CSR as fundamental. The question is, are companies able to think further than the next quarterly figures?"*

The focus on profits to please shareholders and financial markets does not match with adding value as a company in the long run. This imbalance can be attributed to how employees within the organization perceive the importance of CSR, in other words the imbalance between experiencing CSR as an opportunity to strengthen the organizations' viability and experiencing CSR as a risk to the organizations profitability. Perceiving CSR as a risk or as an opportunity is expressed by the CSR managers: *"The question we pose ourselves is: how does one define success? This is not done solely in terms of financial gain"*. The former quote shows that CSR could contribute to a new definition of success in which a balance is sought in stead of a focus on profits. Furthermore, continuity of businesses asks for stability which can be reached by contributing to society, as defined by an interviewee: *"The financial world rates companies higher that are more stable during an economic crisis. Building a sustainable company is very much linked to adding real value to the market"*.

The following viewpoint shows that CSR is often valued through its contribution to financial success, not incorporating the impact of this success on society and the environment. *"I do believe that CSR and making profits can go hand in hand when CSR proves to be a tool to generate new business"*. CSR and striving to be a sustainable company is often slowed down by a lack of knowledge or scepticism from employees in all layers of the organization, as reflected by one of the interviewees: *"There has been a*

time that people in the organization said, if we just give a bag of money to community service projects then we're done right? This is clearly not what CSR is about". In addition, the results show that CSR managers struggle with 'getting people on board' because they perceive sustainability as more expensive. "Money or focus on profits slows sustainability processes down, even though it can provide financial opportunities. Education plays a very important role".

The following quote shows that organizational culture plays a role how CSR is valued. It clearly demonstrates a short-term vision. The company as a whole does not think about the long term effects of their business; CSR then misses its desired effect. *"In our company there are people who think CSR is a waste of time and effort, frankly, they think it's bull shit. Our culture is the main reason; we are an industrial company in which exhausting fumes is viewed as something to be proud of".*

The quotes above demonstrate two things. First, how CSR is valued within the organization differs substantially; the sense of urgency is not similar to everyone, not even among CSR managers. Second, CSR provokes a wide range of dilemma's CSR managers have to deal with, from employee scepticism to external factors that slow down the sustainability goals often set by the CSR managers themselves. Greenpeace believes however that CSR managers will be able to get more of their colleagues on board, as employees become more and more critical towards their company's behaviour: *"A company is made by its people, the more demanding they become on CSR issues; the more difficult it will be for companies to uphold the same business model. We constantly ask ourselves how we can keep up the pressure on these people so that change will come from within."*

4.2 *The imbalance between stakeholder expectations and the organization's CSR policy*

As confirmed in academic literature, organizations struggle with building constructive relationships with a variety of stakeholders that express different expectations of how responsible and sustainable the organization should act. Stakeholder expectations differ in amongst others in terms of growth, profit maximization, employment opportunities or societal and environmental obligations. This paragraph stresses the imbalance between what NGOs as a stakeholder group expect from responsible organizations and what the organization does in terms of CSR. The following statement shows that the goals and activities outlined in a CSR policy are not always perceived as satisfactory to NGOs while organizations on the other hand feel that they are doing what they can. This results into tension or friction: *"Some parties do not like our soy policy; we say it's better to have one than no policy at all".*

Organizations that develop CSR initiatives derived from their CSR policy are mostly concerned how these initiatives or actions can bring added value to the organization, with an emphasis on strengthening economic capital. However, stakeholder groups like NGOs and also increasingly customers are concerned to what extent the organization contributes to society and the environment. This discrepancy causes friction and increases pressure on the organization/stakeholder relationship. Thus, imbalance occurs. In order to illustrate this, several quotes of CSR managers have been selected and analyzed from the interview data.

"The knowledge that things need to be done differently in this world is encouraged by NGOs. However, NGO pressure only works when our customers feel the same way. If they don't care, the prioritization of CSR issues will decrease". This quote reflects the relative power that NGOs have on a CSR policy. On the other hand, almost all interviewees recognized the function of NGOs in creating awareness of things that need improvement. The majority of the interviewees thought that organizations like Greenpeace play an important role when it comes to highlighting where the problems are. In addition, the interviewees believe Greenpeace speeds up the process of becoming sustainable. However, some are annoyed by the work method of Greenpeace as it is perceived they seek media attention too fast. *"We*

cannot avoid NGOs attacking us. At first we never responded, now we try to respond. Most of the time they already contacted the media before we had time to react". Greenpeace explains why companies are often annoyed with them: *"not getting too comfortable with companies is our strength. The more they like us, the more difficult it will be for us to increase the pressure, the fear factor would disappear. We always say: no permanent friends, no permanent enemies."* This fear of Greenpeace expressed by certain companies is something one of the participants has a view on, as they have experienced an attack from Greenpeace on their paper policy in the past: *"people from Mattel reached out to us because they knew we had dealt with Greenpeace in the past. They wanted advise on how to talk to them and how we got into a working relationship. We talk to lots of people on how we resolved our differences with Greenpeace. They have a reputation that some folks fear and don't want to be associated with. They either don't understand or are afraid of the stigma coming with it"*. This shows that a company and an NGO can improve their working relationship if the company is open to change. In the above example a balance is created, as the conflict situation has been resolved.

Furthermore, the results show that external pressure on CSR issues has increased in general over the years. Most of the interviewees felt that if they do not keep up, they may be kicked out of the 'playing field' eventually. Trends they recognized are: employees become more critical, customers increasingly want to be associated with sustainable companies and the public opinion changes due to social media and others means individuals use to make a collective statement on how they perceive the behaviour of a company. This feeling of pressure is stressed as follows: *"Stakeholders expect us to have answers to all sorts of questions such as: if the board of directors changes tomorrow, is CSR than still just as important to your company?"* Pressure on effective CSR conflicts with the current business model of companies that is profit driven. This unbalance between economic, social and natural capital therefore explains why CSR is often faced with so many challenges as being responsible and sustainable conflicts with the current economic system.

When discussing NGO pressure, a Greenpeace attack on a competitor would result in a response according to the interviewees. They would critically look at their own actions on those specific issues. The 'we could be next' feeling was present. However, everyone would first verify the claims made to make sure what they say is correct. The examples interviewees gave on experiences with stakeholder pressure, whether big or small, reflect the importance of stakeholder engagement. *"An incident with enormous pressure from societal groups taught us we need to talk more to stakeholders in an earlier stage. We would ignore extremists, but there are parties with whom we could achieve common interest"* Still, most companies only selectively engage with their stakeholders or do not know what different stakeholders expect from them on CSR issues. An imbalance between stakeholder expectations and CSR is therefore more likely to occur: *"Still on our wish list is doing a stakeholder analysis of our customers. We don't know what they expect from us with regard to CSR. Feedback has not yet been gathered in a structured way"*.

Some place social responsibility more outside the organization; arguing that governments should improve regulations to make it easier for companies to become sustainable or customers should be willing to pay more. The focus on economic capital is clearly demonstrated in the following remark, as selling cheap cars to increase revenues overrule the potentiality of child labour in the supply chain: *"We want to offer affordable cars for everyone, very cheap could mean that there has been some child labour along the line. The question is do consumers want to pay more? If so, we could offer 50% or more recycled cars. This is impossible now due to quality standards we have to fulfil, the government should play a role in this"*. Greenpeace argues for a movement to a new economic model with a shifting focus from shareholders to stakeholders which could enhance balance between the various forms of capital: *"Why should short-term shareholder value always be so important in a company? Why not long-term stakeholder satisfaction? The interests of a relatively small group of people are guaranteed; they live in their own comfortable world and therefore don't feel the need for change so explicitly."* The results

demonstrate that this need for change lacks urgency in the majority of companies. However, some do recognize it: *"Economic growth over the last 30 years has pulled many people out of poverty, but at the same time we've had a massive increase on resource use. Clearly, we are not on a sustainable path. This is bad for the planet, but causes also problems for us individually. Obesity in the US, the stressful lives we're leading. I believe we have a role to play in society because we are part of society"*. This notion of interdependency that is stressed here is often not incorporated in CSR policies.

Last, mixed results emerged with regard to the effect of NGOs on a change in CSR policy. One of the participants stated that a policy change is highly unlikely: *"NGOs like Greenpeace have an indirect influence via the public opinion which resulted in a trend in environmental attention, but we don't change our policy due to external influences. Our policy consists of strategic calculations and future assumptions and can therefore not be changed that easily"*. Someone else on the other hand said a change in CSR policy depends on the urgency. *"If the external pressure becomes too high, we would revise our CSR strategy. The chance of this happening depends to what extent the issue affects our core business"*. A third advocates a dialogue approach: *"if Greenpeace would attack our supply chain, we would invite them to show them what's going on and if we are doing it wrong, we change it. But if it would become clear we are involved in child labour for example, then not only a whole new policy is necessary but our total business model should be re-evaluated as well"*. The former remark demonstrates that critique would be taken very seriously. Being adaptive to changing environments and developments in society will more likely result in better CSR, balancing all forms of capital.

4.3 *The imbalance of organizational CSR motivation (extrinsic) and the individual motivation of a CSR manager (intrinsic)*

With regard to motivational aspects, an imbalance is detected between the organizational motivation for CSR and the personal motivation of the CSR manager/professional. The organization's motivation is shown to be extrinsic. The individual motivation of the CSR manager is shown to be intrinsic as well as extrinsic. Intrinsic motivation considers CSR as a moral duty towards society, whereas extrinsic motivation implies CSR contributes to the financial success of the company. The following comments made by the interviewees demonstrate the difference between these types of motivations. *"Our CSR activities are more ad hoc than part of a policy, we go by market demands. Commercial gain is the main reason; only big guys like Unilever can invest large amounts in CSR"*. This is an example of extrinsic motivation; CSR has to contribute to strengthening the commercial position of the organization. In addition, the quote implies that you can only be responsible if you are a big company with money. The following motivation to engage in CSR can also be considered extrinsic: *"our reasons to engage in CSR are increasing societal acceptability to get access to resources and maintaining a license to operate"*. In this case, CSR's function is creating goodwill in the communities in order to eliminate as many problems possible that can affect the business. With regard to the personal motivation of the CSR manager, some visions are presented here that can be labelled as intrinsic motivations as they reflect values based on morality:

"I always have felt the need to use my talent for something I believe in, for something that makes the world a better place".

"I have a background in development work, my motivation is idealism. I'm here because I believe big companies can have a large impact on creating a more sustainable world. Organizations should ask themselves where can we really make a difference? Then go for it, even if it needs to be done with little steps".

"I want to help employees that want to do a good thing, but do not know how. Our company is often seen as 'a bunch of crooks' but these people don't want to go home every night and tell their family they've helped the world becoming a little worse than it was. People don't always have the time to search for sustainable alternatives, I want to help them". This quote demonstrates the importance of CSR motivation. If CSR is integrated in the organization's core business, then it can never be time consuming, as one of the interviewees articulated it: *"CSR is not a trick, but an integral part of all activities we develop. We see it as something that is self-evident"*. Still, the link with financial performance overruled. In addition, several interviewees expressed that they would have liked their company to move faster on certain CSR issues, but lack of commitment from the board or other employees puts a delay on the process. The sense of urgency differs and can be recognized from the strategic position of CSR in the organization: *"It's important where the person responsible for CSR sits in the organization. If you are not at a certain level, forget it."* This discrepancy between moral motivation and perceiving CSR as a tool to enhance financial success causes problems for CSR managers, as they are often advocates for change while the company they work for does not feel this urgency to change as explicitly. This could result in a question of conscience for CSR managers to balance personal values and organizational goals.

4.4 *The imbalance between having a strong CSR reputation and communicating about CSR*

According to the interviewees, CSR and its effect on corporate reputation are strongly linked: *"In current times, not one organization can get away with a bad CSR reputation. People won't accept it. However, the effects of a bad CSR reputation are not the same for every organization"*. When commenting on the case involving rainforest destruction, almost everyone agreed that if they had known about such destructive practices in their supply chain, they would have done something about it. *"The risk of being associated with such a supplier is just too big; our brand is on the line. After hearing about this story in the media, we immediately asked our paper suppliers where they source from and if it's from APP, we would inform them we look out for a different supplier"*. On the other hand, some are more sceptical towards good intentions: *"if Greenpeace hadn't said anything, Lego would still have sourced from APP even though they know it's not right."* The interrelation of CSR and reputation can provide opportunities to strengthen the reputation among key stakeholders, but also increase risks of damaging it as stressed by one of the interviewees: *"Some research claims that CSR is very beneficial for your reputation, but you have to be careful. It can also cause a backlash, a boomerang effect"*. This backlash effect has been confirmed in the literature and can appear if stakeholders become suspicious and perceive predominantly extrinsic motives in the companies' social initiatives. When organizations actively communicate about their CSR initiatives, certain groups of stakeholders could question the credibility of the claims made, in particular critical parties such as NGOs and the media. Organizations constantly have to weigh what they say, how they say it, via which means and to whom. One of the interviewees stresses this as follows: *"We are looking for a balance in being transparent without jeopardizing our competitive position"*. Transparency is an issue the participants regard with mixed feelings. On the one hand they want to be open and share what they are doing; on the other hand they often can't because this negatively affects shareholders' interests. However, if the media gets hold of something, organizations are forced to react to avoid or diminish reputational damage. The following quote reflects this. *"People expect us to be transparent on sensitive issues such as involvement in animal testing or providing intelligence for the Ministry of Defence. We improved this because of negative media attention"*.

The results showed that communicating about CSR is experienced as a challenge by the interviewees. It is therefore understandable that most of the CSR managers do not actively communicate CSR initiatives to their external stakeholders: *"Communicating our CSR policy is still an obstacle, you really*

need to be sure what you are going to talk about". The 'practice what you preach' attitude was expressed in most cases. The majority is still searching for what makes them unique when it comes to CSR. Some interviewees were of the view that they acted too modest about their CSR activities. As one articulated it: *"Sometimes we are too careful which does not do justice to the CSR initiatives we have developed"*. Fear to be called a 'greenwasher' and inherently the risk of reputational damage plays a role; therefore a preference to keep more to themselves than communicate a lot about what they do was detected: *"Greenwashing can have a poisonous effect on organizations that are truly doing the good thing. If you win a CSR prize for example, you are a suspect. Nowadays talking too much about CSR implies you are greenwashing"*. This demonstrates an imbalance between having a good CSR reputation and communicating about your activities. With regard to CSR communication means, social media such as Facebook and Twitter are not used regularly by the majority. When they do use it, choosing the right message content and getting feedback from stakeholders is perceived as a challenge, even from employees. *"We do have a Wiki in the organization where people can post ideas on improving our CSR, but this is not used actively"*. Although this conclusion could not be drawn from the data, Greenpeace fears that some organizations will use social media mainly for window dressing in stead of authentic CSR communication. *"If companies strongly use social media for ventilating their CSR practices, it will become very hard for us to keep the discourse real"*. Thus, imbalance particularly occurs when CSR communication is not perceived as legitimate by stakeholders resulting in a higher risk of reputational damage.

4.5 *The imbalance between implementing CSR in the organizations core business and factors that affect that process*

External as well as internal factors affect the implementation process of CSR either by speeding it up or slowing it down. Mentioned as the most influential factor was the (lack of) commitment from the board of directors: *"If our CEO would find CSR more important, implementation would speed up as well."* The interviewees expressed a need for structure created from top management for employees to work on CSR issues in their daily tasks. Secondly, an increase in pressure from stakeholders, particularly from customers is perceived as a factor that speeds up CSR implementation. In addition, one of the interviewees mentions the lack of time that causes problems: *"A problem is that the oil industry has money but a lack of time. When you want to generally make a positive impact in a community, you usually don't need a lot of money but a lot of time. So for us the main problem is to balance this paradox"*. Others mentioned that education plays an important role. *"Unsustainable students become unsustainable managers. The change should start in the curriculum of business studies"*.

Economic crises appear to have put a strain on the balance between various forms of capital as well; there will be less resources made available to invest in sustainable solutions. On the other hand, some CSR managers see opportunities to better serve their clients in economic hard times. *"An economic crisis creates opportunities for our clients, the need for minimal costs with maximum return increases. People become more creative"*. A more consumer related factor that influences CSR implementation is the perceived mismatch between customers and society: *"People put a society hat on when it comes to CR issues but when they are at the supermarket they just want the cheapest product than do the right thing"*. Other important factors that affect the implementation process CSR managers addressed are: lack of financial or human resources, lack of sustainable alternatives, a joint venture, innovations in new technology, an ever changing environment, indexes and ISO norms, change of political power and (international) regulations, competitors' action on CSR and media attention. It can therefore be said that organizations should tackle/take note of these influential factors to enhance implementation so that CSR truly find its way into the organizations core business.

5 CONCLUSIONS

The answers to the research questions are given in this section based on the performed data analysis and findings in the literature. First, some general conclusions derived from the five balance themes outlined in the previous section will be drawn, as well as an overall conclusion regarding the relationship between the five balance themes (see last bullet).

- It can be concluded that the role of the CSR manager is challenging because of three reasons. First, the ideas on what CSR should encompass are still under development in the academic world as well as in practice. Second, CSR issues are highly complex and interwoven with broad societal, global and cultural issues. There is not one right answer; it encompasses a constant learning and balancing process. Third, CSR managers struggle with internal scepticism and misunderstandings of what CSR means for their company; resulting in constantly needing to inform people about what CSR entails to engage employees from different organizational layers in the process.
- Successfully implementing the process of sustainability and responsibility depends a lot on the commitment from the CEO/Board of Directors. If they do not value CSR as a fundamental way to do business, it is unlikely to have a substantial positive impact on society and the environment. If this is the case, then CSR has no meaning and will not contribute to solving complex social, environmental and ethical problems.
- The concern of being accused of greenwashing came forth in the interviews, mainly caused by examples of greenwashing from other companies and negative media attention. In general, communicating about CSR is perceived as a difficult thing to do right. It can therefore be concluded that the preference for keeping things to themselves than communicate a lot about what they do, is stronger. A 'practise what you preach' attitude expressed by the majority of CSR managers shows that CSR is not taken lightly and that it should be about something real.
- The sense of urgency to change differs in this group of CSR managers on three levels: their own perceptions of CSR, the organizations stance on CSR and the relationships the company maintains with its environment. The negative impacts of economic growth on social and natural capital are usually not felt by the people working for the company that contributes to these negative impacts. However, this sense of urgency is rising, partly triggered by NGOs. It can be concluded that claims from NGOs only have an effect if they are about something big, like the supply chain. Criticism on paper cup use for example will not be taken seriously.
- The role of governments is important to create opportunities and to make companies aware of sustainable alternatives. For example, FSC credited wood is still scarce compared to other, more unsustainable solutions. Changing government regulations due to political choices is experienced as a burden for executing CSR in an effective way. It can be concluded that business can not tackle the global environmental and social challenge alone. Sustainable regulations need to be implemented by world leaders to construct a framework businesses can thrive on.
- Although research has shown that CSR is essentially about the quality of stakeholder relationships, CSR policies are in most cases written from an organizational and thus internal point of view. This can be regarded as a benefit imbalance. The benefits that CSR creates are greater for the company than for its environment. The only substantial relationship that increases the meaning of CSR for the organization is the relationship with the customer. If the customer does not push for change, the importance of CSR decreases. Thus, this implies a reactive attitude towards CSR by companies rather than proactively seeking opportunities that strengthens economic, social and natural capital, independently from market demand. Therefore, it can be concluded that CSR still depends mainly on external triggers in stead of coming from within, of which the customer is the most powerful trigger.

In addition, competitors trigger CSR implementation as well. If their sales increase due to certain CSR activities, organizations are more urged to take a stance on a particular issue as well. Still, the focus here is the business case.

- Regarding CSR as a moral obligation that justifies sustainability and responsibility efforts on the basis of values, has been detected to a lesser extent than regarding CSR as a tool that enhances the financial success of the organization. These differences in motivation can be attributed to the type of business and the organizational culture, whereas the service and business-to-consumer companies place CSR higher on the agenda than the manufacturing/industrial companies. The fact that reputational damage is higher for some companies than others also plays a role in how CSR is envisioned. In the health sector for example, CSR is more naturally integrated in organizational policies as their core business are people. The same goes for companies specialized in employment.
- Together, the five balance themes demonstrate key challenges for organizations that strive to make a substantial impact by CSR. It can be concluded that they are all interrelated, which is why CSR is often considered complex. This interrelation presents itself as follows: CEO commitment will trigger the motivation to engage in CSR among all employees. These motivated employees interact with external stakeholders and will be better able to integrate stakeholder expectations in CSR policies, as they are aware that a holistic approach benefits the company in the long run. Having a bad CSR reputation is no longer possible because all communication to stakeholders on CSR issues is transparent and based on adding collective value, which is necessary for businesses to grow responsibly in the long run.

In addition to the more general conclusions above, the below section attempts to find an in-depth answer to the research questions whilst addressing the principles of balance theory in the introduction. The sub questions are answered first in order to better grasp what the implications of the main question comprise.

1. What kind of unbalanced situations can be distinguished?

The results demonstrated that balance aspects can be distinguished in a set of themes: the organization/stakeholder relationship, the motivational aspects of CSR, the implications of short-term versus long-term growth, the maintenance of a strong reputation and the impact of CSR on that reputation and last, a list of influential factors on the CSR implementation process. It can be concluded that all themes have an effect on how balanced an organization deploys social, economic and natural capital. It is however difficult to conclude which theme causes the most imbalance and which the least and consequently, what this means. Nevertheless, the results do make clear that by the way CSR is practised today; economic capital overrules other forms of capital. The theoretical contribution of this research therefore lies in making explicit where unbalance occurs.

2. What is the meaning of these balance themes for Greenpeace and what do they imply for CSR managers?

It can be concluded that NGOs like Greenpeace that bare witness of destructive practices at first create tension in the organization's playing field by actively linking leading brands to environmental decay. It can therefore be said that Greenpeace activates imbalance in the stakeholder relationship. In the light of Heider's balance theory, organizations want to diminish this tension or conflict as quickly as possible because of the potential negative effects on their reputation. In that sense, it is understandable that Greenpeace is sometimes feared by companies. However, if we look at the bigger picture, Greenpeace advocates for a balance between social, economic and natural capital by placing the environment on the

business agenda. The five balance themes that demonstrate how balance plays out with regard to CSR can provide Greenpeace with new insights in where their influence will have the most effect. For example, Greenpeace could start a campaign targeted at 'the business leaders of tomorrow' to create sustainable change, as a shortage of the right education in business schools and universities results in 'old-school' managers, most of them lacking a comprehensive CSR vision.

Although this research does show that businesses have taken many steps in the direction of integrating social and environmental issues in their business strategies and that the sense of urgency for CSR is increasing, it can also be concluded that the current unbalanced state of the three forms of capital is still a too comfortable situation for companies. It can therefore be said that the notion of conflict reduction posed by Heider, only works to a certain extent. It works when reputational damage is about to occur, in that case companies move fast into conflict resolution in order to avoid damage. But, if we speak of conflict resolution in society as a whole, in other words, adding collective value to all layers of society with sustainable businesses instead of extracting value, it can be concluded that the economic perspective still has the upper hand. Therefore, the balance themes emerged from this research can provide more insight in where social and natural capital fall short in relation to the economic responsibility in an organization's CSR policy.

How can CSR contribute to balancing economic, social and natural capital?

This research demonstrates that CSR could contribute to enhancing balance in social, economic and natural capital on the long-term when implemented in an effective way. In order to have a positive impact in reaching balance between economic, social and natural capital, CSR needs to be lived through and valued by all employees of the organization. If they don't believe in it, how can CSR then really make a difference? Secondly, creating balance implies that short-term profits cannot be the sole goal anymore. Shareholders and the financial market have a role to play in this as well. Sustainable investing is on the rise, but still not influential enough. Based on the results, it can be concluded that the intention to contribute to creating balance exists, with some making a more serious effort than others. However, considering the power that businesses have on society the contribution is not yet high enough; not economically, not socially and not environmentally. On a positive note, this research demonstrates that CSR has improved steadily. The changes in sustainability and responsibility described by the CSR managers their organization has gone through in not even a decade can be considered substantial. The frontrunners that implement CSR in a systematic way should inspire others to follow. Examples of CSR frontrunners are the clothing company Patagonia, a world leader in cradle-to-cradle solutions and Interface, one of the world's largest manufacturers of carpet tiles. The CEO of Interface had a clear vision: Interface would become the world's first truly sustainable company. Not only sustainable, but restorative. They would put back more than they take. Sixteen years later Interface has enjoyed a lot of success, both financial and in terms of its sustainability achievements. Although many companies are working hard to follow in Interface's footsteps, still a lot needs to change if we want to keep benefiting from social and natural capital in the way we do now.

6 DISCUSSION

Different aspects of CSR in relation to the imbalance of economic, social and natural capital have been analyzed in this research from the impact of stakeholder relationships to factors that influence the implementation process of effective CSR. A key challenge for organizations in the long run is to ensure its continuity by means of a more collective approach in stead of an individual approach. The strength of social capital is the possibility to make valuable connections between groups from all layers of society. These connections as a whole have more power than people individually and can thus strengthen companies in the long run. CSR has proven to be complex and the issues addressed in CSR policies such as climate change transcend dilemmas of individual organizations, they imply a change of mindset from business leaders, policy makers and consumers. It can be concluded that business today still operate too internally focussed. Given the recent global financial crisis and the economic crisis in which we find ourselves now, it is clear that this short term, profit-driven focus has not brought sustainable contributions to societies at large. Social and natural capital are not perceived as valuable and powerful, but as resources to use up in order to make the individual organization more profitable. The capital is broken down in stead of built up. From this research it can be concluded that businesses have a large role to play in balancing these forms of power, although they cannot do it alone. The CSR managers expressed that CSR issues ask for sector broad solutions and therefore competitors should work together on CSR issues, as the challenges do not affect only one organization but entire systems. They need to address comprehensive problems such as pollution and waste collectively as well as build innovative solutions together with stakeholders. Only then can balance emerge.

6.1 *Research limitations*

The chosen qualitative form of research implies only a small group of participants. A limitation is therefore that the findings cannot easily be extrapolated to other organizations at large. To diminish this limitation, the group of participants were selected from very different companies operating in different sectors. Still, general challenges every CSR manager has to deal with became clear. Therefore it is likely that a larger group of participants would have shown similar results, only backed with different examples. Secondly, a limitation can be addressed to the explorative study. As only two of the thirteen CSR managers directly experienced a campaign from Greenpeace, it is hard to say if the comments made on the text would be the route of action taken in 'real life'. Nevertheless, the comments do give insight in how the participants view NGOs such as Greenpeace and the level of importance of claims made by Greenpeace are valued. Thirdly, it was chosen to only interview CSR managers for this research. If CEOs or external stakeholders had also been included, the results could have shown different forms of balance or unbalance as the group would be more heterogeneous. Last, it can be considered a limitation that Cohen's Kappa could not be measured. To reach a reliable coefficient more agreement should have been found between the first and second coder. The interview data appeared to be too unstructured.

6.2 *Future research*

An important direction for future research would be to further explore this principle of balance in relation to CSR, given that this link has not yet been made so explicitly in the academic literature. Based on the interview data, this paper concluded that CSR has the potential to create more balance between economic, social and natural capital if implemented as a fundamental way of doing business; how this process should work optimally could be further investigated. Such research can deepen the understanding of mechanisms underlying the best possible connections between the various forms of capital, beneficial

to the organization as well as its environment. The focus of future research should therefore lie in linking sustainability and responsibility initiated by companies to adding real value to societal and natural systems as a whole. The effects of new media solutions such as the Internet and other technological innovations can be investigated.

6.3 Recommendations

Recommendations are divided into ones for Greenpeace and ones for CSR managers that have emerged from the conclusions.

6.3.1 Recommendations for Greenpeace

The results showed that organizations seek advice from each other how to handle 'attacks' from Greenpeace and that organizations think in advance how to react to certain reputation-based attacks on their CSR policy. Reacting or not reacting then turns into a strategic choice. Greenpeace should therefore look for new ways to address environmental problems in each campaign in order to avoid losing its desired effect. Secondly, it became clear that organizations are triggered to implement CSR more actively when their most important stakeholder group, their customers, ask for clarification on what the organization does with regard to CSR activities. Especially business-to-business organizations with big clients are susceptible to these kind of stakeholder expectations. Thus, for Greenpeace it would be recommended to not only try to influence the leading brands, but talk to their most influential stakeholders as well. The motivation to change will increase. Thirdly, the results showed that CSR managers struggle with internal scepticism from all layers in the organization. Greenpeace can therefore focus more on offering CSR managers the 'ammunition' they need to become more sustainable and to help them to accelerate change by reducing internal scepticism. Although the 'fear factor' is considered a strength by Greenpeace, this can also be seen as a weakness. In the end, balancing economic, social and natural capital is more likely to be achieved through a collaborative approach between businesses, governments and NGOs.

6.3.2 Recommendations for CSR managers/organizations

The five balance themes discussed in this research can provide CSR managers with insights how to work on effective CSR. CSR managers can compare their CSR policy to the results presented here and conclude in which area of CSR an unbalanced situation is detected: in other words establish where there is still work to do. Furthermore, evaluating the answers of others that work on CSR can enhance the motivation to more actively initiate CSR activities. The results showed that CSR is approached more reactive than pro-active. More often do companies wait for governments, NGOs or consumers to tell them what to do instead of taking direct action themselves. This research can help CSR managers to mobilize their organization towards an integrated CSR policy by means of highlighting several tensions that emerged in the relationships that organizations have with their environment.

One of the key issues that emerged from the results are the challenges related to stakeholder engagement. Mobilizing external stakeholders to work on CSR issues is still very much perceived as: how can they help us, instead of how can we help each other? A change of mind-set from short-term growth to long-term sustainability is essential for CSR to have the desired effect. Sustainability requires a long view on the future as it considers the impact of our decisions today on future generations. Focussing on the next quarter by both companies and investors does not match with being a sustainable business.

Last, CSR managers could focus more on values possessed by potential employees that match their CSR vision. They could work more closely together with universities. As one of the CSR managers remarked: “unsustainable students become unsustainable managers.” Businesses usually recruit students on criteria such as grades, extracurricular activities and competencies. As a result, curricula in economic studies for example do not pay (enough) attention to how to run a company sustainably while thriving economically. When businesses would engage more with universities on these issues, awareness of CSR and sustainability among students would increase. This can benefit the sustainability ambitions of the company that hires these students after graduating, as internal scepticism towards the usefulness of CSR would diminish.

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APPENDIX A: AN EXPLORATIVE CASE

One of the key issues in organizations' CSR policies is reducing the environmental footprint. An example is using labels that ensure sustainable production processes, such as the FSC (Forest Stewardship Council) and PEFC (Programme for the Endorsement of Forest Certification). Despite an increasing willingness of organizations to use sustainable produced paper to reduce the impact on forests, reality shows that accomplishing and maintaining a high standard sustainability policy is a continuous process of improvement. Toy companies Lego, Hasbro and Mattel have faced challenges in the recent past after environmental organization Greenpeace increased pressure on the procurement of their packaging materials. Followed by the Amazon and Congo, Indonesia has the biggest rainforest in the world. However, the rainforest is subject to deforestation at a very high pace.

Facts show that 40% of the Indonesian rainforest has been cut already, mainly for the production of palm oil and paper. Animals such as the Sumatran tiger lose their habitat and are threatened with extinction. Greenpeace has been campaigning for months against Asia Pulp & Paper (APP), one of the biggest paper producers in the world that are, according to the NGO, responsible for enormous deforestation practices. By asking clients of APP to stop using products from the company, Greenpeace strives to make an end to rain forest destruction. As part of the campaign, Greenpeace mobilized more than half a million people to send e-mails to the CEO of Mattel asking the company to stop being part of the destruction. Greenpeace's strategy seemed to work. Lego, Mattel and Hasbro have recently asked their suppliers to no longer buy paper and pulp from APP.

Mattel: "Mattel's new policy directs our partners not to contract with controversial sources and Mattel considers Asia Pulp & Paper a controversial source." (CSR website Playing Responsibly)

Hasbro: "We require that no sources of Mixed Tropical Hardwood (MTH) virgin fibre be used in products, including packaging. Earlier this year, Hasbro directed suppliers to stop using paper coming from unsustainably managed forests, including APP-sourced paper." (CSR website Hasbro).

In the past months, APP has broadcasted over 700 advertisements on Dutch television in which they position themselves as an organization that cares about the environment. The Advertising Code Commission in the Netherlands has subsequently banned the ads because they are perceived as misleading. APP however claims that Greenpeace's allegations are untrue and that their research contains false data.

APPENDIX B: INTERVIEW GUIDE

1. Please describe how CSR is structured within the organization.
2. What was the main reason for your organization to adopt socially responsible behavior? Did a certain event in time trigger this or did your stakeholders express a need for change?
3. What are the key issues in your organizations CSR policy? Why focus on these particular issues and how/by who is this policy or strategy developed? Did you encounter resistance from colleagues?
4. In what way does the CSR policy translate itself into concrete actions? Have certain CSR initiatives failed in the past? What was the reason?
5. Does CSR have an identifiable impact on the corporate reputation of your organization? Example?
6. What is your personal vision on CSR? Why do you believe your organization should engage in it? What are you proud of?
7. Different stakeholders have different expectations of an organization's behavior. What do your key stakeholders expect from you?
8. How does your organization respond to stakeholder pressure? Can you explain what would happen in that situation? Examples? Risk assessment?
9. How are NGOs as a stakeholder interpreted? As a threat or opportunity? Opportunity to improve CSR choices?
10. Could you give examples factors you consider to be influential to the CSR strategy and would imply a revision of that strategy?
11. Have you heard of the term greenwashing? What is your opinion on this?
12. Which means/media does your organization use to communicate CSR values? (Social) media, yearly report, blogs.
13. Does a competitors' CSR strategy form a bench mark/influence your own CSR choices?
14. Would you consider your organization to be a leader in your sector when it comes to CSR and why?
15. What would be a key motivator for your organization to stick to CSR commitments on the long term?

APPENDIX C: CODEBOOK

Code label (+ sub categories)	Definition	Example	Balance themes
<u>CSR implementation</u>	Challenges related to implementing the CSR policy in the organization divided up in internal and external challenges.	"Implementation of the CSR policy is always a challenge when you are a very large company. Especially the social side of the CSR policy takes a long time to develop. It's hard to show people the short term value"	Imbalance between implementing CSR and factors that affect that process
Internal challenges	All challenges the organization faces when implementing CSR in the organization.		
CSR structure	Examples of the way CSR is structured within the organization, place in hierarchy, who is involved, etc.	"If a reputation crisis would happen to us, I would be involved and my boss who sits on the board. Important is where the person responsible for CR sits in the organization. If you are not at a certain level, forget it. We can take these issues quickly to the board"	
CSR policy development	Explanation of when or if CSR became a strategic decision, how the policy is developed and what kind of steps were taken to come to a integrated CSR policy. Also, challenges along the way.	"In het begin was er nog geen beleid, we lieten de buitenwereld zien wat we deden. Daar communiceerden we over via een MVO magazine. Het werd echt beleidsmatig pas de laatste paar jaar, groeiproces"	
Management commitment	Comments related to how important CSR is to the board or the CEO in particular and in what way this affects how valuable CSR is perceived in the organization.	"De bestuurder heeft invloed op hoe belangrijk duurzaamheid is binnen een organisatie"	
CSR misunderstandings/skepsis	Examples of skepsis from employees towards CSR practices, misinterpretations or lack of knowledge of the possible opportunities/added value of CSR for the organization.	"Employees know what CSR is but they don't know what the company does about it and how it effects their day-to-day work. They ask: what's in it for us? How can this initiative contribute to increasing sales?"	
Lack of financial resources	Examples of mentioning financial or human resources as a limitation for being a responsible organization. Also, not willing to invest in CSR which says something about how important it is to the organization.	"Intern gevecht om budget voor te krijgen. Als je de ISO 26000 gaat lezen zouden we doorschieten in wat we moeten doen, zelf niet genoeg tijd voor. Dan zou ik er dag en nacht mee bezig zijn, te hoge kosten".	
External challenges	All challenges related to CSR issues that have an effect on the organization due to events/issues happening in the organizations' environment.		

<i>CSR credibility</i>	All quotes related to CSR credibility challenges, such as negative media attention, choice for certain CSR themes and not others or perceptions of greenwashing by the public. Also, examples of actions taken to increase the credibility.	"Als je een presentatie hoort gaat het altijd over de succesverhalen, terwijl ik juist geïnteresseerd ben in waar heb je nou problemen mee. De ene organisatie is daar eerlijker over dan de andere. Als er een stukje goed is, dan ga je er automatisch vanuit dat is alles wel ok. Dit klopt dus vaak niet"	
<i>Supply chain responsibility</i>	Examples of struggles or solutions regarding suppliers, for example what to do when a supplier does not think the same way about CSR issues as the organization.	"The most challenging one for us is the sustainable trade focal area, it's difficult, very complex supply chain, we change suppliers all the time. So our category managers and buyers have to do more work but I think they recognize the importance"	
<i>Changing government regulations</i>	Impacts on the CSR strategy or implementation due to changes made in laws and regulations by governments, also internationally.	"Wet en regelgeving, zelfs internationaal. Wij zijn al jaren actief in milieu maar niet elk land waar CapGemini actief is doet hetzelfde. Nu Franse wetgeving is aangepast moet er ineens wel gerapporteerd worden"	
<i>Mismatch customer/societal issues</i>	The difference between the public opinion towards CSR issues and consumer behaviour. Price is still key in the supermarket.	"A lot of consumers indicate that they have an interest in more green products but they are not always showing it in their purchasing habits"	
<i>Economic crisis</i>	Effects on the CSR policy and implementation due to an economic crisis. These effects can be positive or negative towards the importance CSR has in the organization.	"Economisch zwaar weer helpt om er nog nadrukkelijker om er over na te denken dan dat het zou tegenwerken. Slimmer werken, je hebt niet altijd grote investeringen nodig om duurzaam bezig te zijn. Maakt mensen ook creatiever, waar is nog iets te verbeteren"	
<u>CSR motivation</u>	The organizational motivation to engage in CSR practices which can often be linked to the business culture of the organization. Motivation is divided by institutional and individual motivation.		Imbalance between organizational CSR motivation and individual motivation of the CSR manager

Institutional motivation (intrinsic or extrinsic)	Intrinsic or moral motives imply that companies find CSR a moral duty towards society, whereas extrinsic or strategic motives hold the idea that CSR contributes to the financial success of the company in the long run.	Intrinsic: ""Our business model is not sustainable on the long term, so we have to invest in new solutions to ensure continuity". Extrinsic: "Our CSR goals bring value to our company, whether it's financially, through customer loyalty or engaging our employees"	
Individual motivation	Motivation to do good in the role of CSR manager. Explanation of reasons why he or she is the right person for this job within an organization. Explanation of their ambitions, beliefs and values regarding CSR.	"I have a background in development, my motivation is idealism. I'm here because I believe big companies can have a large impact on creating a more sustainable world"	
<u>Stakeholder expectations</u>	Variation of expectations that different organizational stakeholders have of how and how fast a CSR policy is implemented from an organizational point of view.	"Als onze grote strategische klanten dit een belangrijk thema vinden, gaat het ook sneller"	Imbalance between stakeholder expectations and the organization's CSR policy
Stakeholder engagement (or lack of)	Focus on developing a long-term mutual relationship. The relationship with stakeholders focuses on interaction rather than managing/controlling. Also, examples of where stakeholder engagement is not (yet) part of the CSR policy.	"An incident with enormous pressure from societal groups learned us we need to talk more to stakeholders in an earlier stage. Engagement on the basis of mutual gains. This affects the implementation, in our case building a new coal plant"	
Stakeholder pressure	The amount of pressure on CSR issues an organization experiences from its stakeholders. NGOs are usually pressing for change, if the media reports it change goes faster.	"People expect us to be transparent on sensitive/controversial issues such as involvement in animal testing or providing intelligence for the Ministry of Defence. We improved this because of negative media attention"	
<i>Perceptions of Greenpeace</i>	Particular mentioning of Greenpeace and views on what impact this stakeholder has on the CSR policy or the implementation process.	"Greenpeace discovers things that you are maybe not even aware of. If they would attack a competitor, we would definitely dig into how we have organized that issue. We could be next"	

<u>CSR impact on reputation</u>	Recognition of the reputational risks and opportunities that CSR brings. CSR is very much linked to the organization's reputation. How CSR is communicated affects this reputation as well.	"Ik denk dat het niet meer mogelijk is als organisatie van enige omvang een slechte reputatie te hebben op CSR gebied. Of het nou een kledingmerk is of een oliemaatschappij, het is zo de toon van het debat voert op de radio, krant, etc. Als er nu bekend wordt dat een kledingmerk gebruik maakt van kinderarbeid dan heeft dat direct effect op het imago"	Imbalance between having a strong CSR reputation and communicating about CSR.
Reputational opportunities	Scientific evidence suggests that CSR can have a positive impact on the corporate reputation. Examples of business opportunities.	"The direct effect is hard to measure, but it does have a huge impact. We have received a lot of recognition in a wide scope of CSR, from being a best place to work to our energy use and rating as one of the 100 best corporate citizens in the US"	
Reputational risks	CSR can just as well impose risks on the corporate reputation. Examples of risks.	"Some research claims that CSR is very beneficial for your reputation, but you have to be careful. It can also cause a backlash. Boomerang effect"	
CSR communication	All comments regarding how the CSR policy is communicated and what problems organizations face in doing so.	"CSR communicatie is voor mij nog een struikelblok, hoe dit aanpakken, weten waar je het over wilt hebben"	
CSR message	What is the message the organization wants to deliver to its stakeholders regarding its CSR focus?	"The message that it sends to consumers is green but right"	
Communication means	Examples of means the organization use to communicate its CSR policy, online (social media) as well as offline (annual report)	"We hebben een event de Groene Zeepkist waar mensen uit de organisatie maar ook er buiten een verhaal te houden over een onderwerp waar ze mee bezig zijn op MVO gebied. Daar Twitteren we dan weer over"	
CSR communication strategy	Explanation of a communication strategy the organization uses to inform/engage stakeholders with regard to CSR.	"We make use of a stakeholder relationship tool with which we can compare the internal and external perception of our company in terms of communications, resources, respect for the environment and local community projects. Then we create an action plan to align the 2 visions"	